

Township of Lower Merion Financial Update



Finance Committee
March 12, 2025





Overview of Presentation

- I. 2024 Financial Performance (Pre-Audit)**
- II. 2025 Year-To-Date Financial Performance**
- III. Other Finance Updates**



2024 Financial Performance





2024 General Fund Financial Results (Pre-Audit)

General Fund (Million \$)	2024 Budget	2024 Estimate	2024 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance	\$ 26.9	\$ 29.7	\$ 29.7		
Revenues & Transfers In	\$ 72.5	\$ 72.0	\$ 72.6	\$ 0.1	\$ 0.7
Expenses & Transfers Out	\$ 77.1	\$ 79.2	\$ 77.6	0.5	(1.6)
Surplus/(Deficit)	\$ (4.5)	\$ (7.3)	\$ (5.0)	(0.4)	2.3
Ending Fund Balance	\$ 22.3	\$ 22.5	\$ 24.7		
Ending FB as % of Operating Expenditures	29.0%	28.4%	31.9%		

- Total revenue within \$100k of Adopted Budget; exceed 2024 Estimate by \$650k
- Expenditures exceed budget by \$500k inclusive of the unbudgeted \$2 million transfer to Capital Projects Fund, and lower than Estimate by \$1.6m
- Township enters 2025 with a Fund Balance position \$2m above Estimate, over \$24m or 32% of expenditures



2024 General Fund Financial Results (Pre-Audit)

- Very few revenue categories underperformed compared to their respective 2024 Estimate
 - Building Permits +300k (+9.8%) versus estimate
 - All tax categories met or exceeded estimates by 1.0% - 2.6%
- Most expenditure categories ended the year below estimates
 - Salaries -\$600k (-1.8%) versus EA
 - Utility expenditures beat EA due to impact of streetlight LED project on electricity costs
- Final 2024 General Fund results put Township in a better starting position for 2025 to meet priorities and challenges in the coming year.



2024 General Fund Revenues (Pre-Audit)

- GF revenues within 0.1% of 2024 Budget and ended the year slightly better than anticipated, outperforming the 2024 Estimated Actual by \$654,000 (0.9%)

General Fund Revenue	2024 Adopted Budget	2024 Estimated Actual	2024 Actual Revenues	\$ Change From 2024 EA	% Change From 2024 EA
Building Permits	\$ 2,900,000	\$ 3,100,000	\$ 3,402,447	\$ 302,447	9.8%
Business & Mercantile Tax	15,500,000	14,950,000	15,191,972	241,972	1.6%
All Other Revenues Net	41,768,000	42,192,650	42,372,077	179,427	0.4%
Real Estate Transfer Taxes	4,700,000	4,600,000	4,720,242	120,242	2.6%
Zoning & Subdivision Fees	500,000	420,000	517,399	97,399	23.2%
Fines and Forfeits	855,000	825,000	874,406	49,406	6.0%
Local Services Tax	2,275,000	2,300,000	2,328,138	28,138	1.2%
Franchise Fees	1,320,000	1,270,000	1,259,058	(10,942)	-0.9%
Liquid Fuels Transfers	850,000	850,000	685,959	(164,041)	-19.3%
Police Services	1,850,000	1,450,000	1,259,857	(190,143)	-13.1%
Grand Totals	\$ 72,518,000	\$ 71,957,650	\$ 72,611,557	\$ 653,907	0.9%



2024 General Fund Revenues (Pre-Audit)

- GF revenues were \$6.1 million or 7.8% less than the prior year due to the decline from record business privilege taxes in 2023 as well as less cost-recovery Police Services revenue

General Fund Revenue	2023 Actual	2024 Actual	\$ Change From 2023	% Change From 2023
Building Permits	\$ 3,067,199	\$ 3,402,447	\$ 335,248	10.9%
PHMIC Refund	1,116,895	1,347,430	230,535	20.6%
Recreation Program Revenue	823,497	970,866	147,369	17.9%
All Other Revenues Net	13,738,382	13,725,461	(12,921)	-0.1%
Street & Pole Permits	275,390	192,207	(83,183)	-30.2%
RE Taxes - Current & Interim	31,797,311	31,696,953	(100,358)	-0.3%
Grants & Gifts	258,364	104,122	(154,242)	-59.7%
Real Estate Transfer Taxes	5,000,479	4,720,242	(280,237)	-5.6%
Police Services	1,873,449	1,259,857	(613,592)	-32.8%
Business & Mercantile Tax	20,773,121	15,191,972	(5,581,149)	-26.9%
Grand Total	\$ 78,724,087	\$ 72,611,557	\$ (6,112,530)	-7.8%



2024 General Fund Expenditures (Pre-Audit)

- GF expenditures ended the year below Estimated Actuals for most categories, particularly salaries and wages due to higher-than-assumed Police vacancies and Highway staff charges to other funds (e.g., Capital Projects, Sewer and Solid Waste Funds)
- Utilities savings due to first full year of streetlight LED conversion project savings

	2024 Adopted Budget	2024 Estimated Actual	2024 Actual Expenses	\$ Change From 2024 EA	% Change From 2024 EA
General Fund Expenditures					
Professional Technical Serv	\$ 2,800,908	\$ 2,409,686	\$ 2,469,272	\$ 59,586	2.5%
Employee Benefits	11,864,330	11,899,945	11,928,397	28,452	0.2%
Uniforms & Clothing	139,010	121,590	86,952	(34,638)	-28.5%
Contracted Services	1,714,593	1,724,871	1,650,592	(74,279)	-4.3%
Other Compensation	4,339,773	4,187,430	4,098,330	(89,100)	-2.1%
Materials & Operating Suppl	1,061,700	1,111,152	976,790	(134,362)	-12.1%
All Other Expenditures (Net)	20,495,136	20,476,539	20,307,400	(169,139)	-0.8%
Machinery & Equipment	466,023	540,823	343,870	(196,953)	-36.4%
Utilities	1,405,243	1,414,300	1,054,005	(360,295)	-25.5%
Salaries	35,380,296	33,330,508	32,716,404	(614,104)	-1.8%
Expenditure Subtotal	79,667,012	77,216,844	75,632,012	(1,584,832)	-2.1%
Budgetary Savings Anticipated	(2,600,000)				
Transfer to Capital Projects Fund		2,000,000	2,000,000		
Total Expenditures	77,067,012	79,216,844	77,632,012	(1,584,832)	-2.0%



2024 General Fund Expenditures (Pre-Audit)

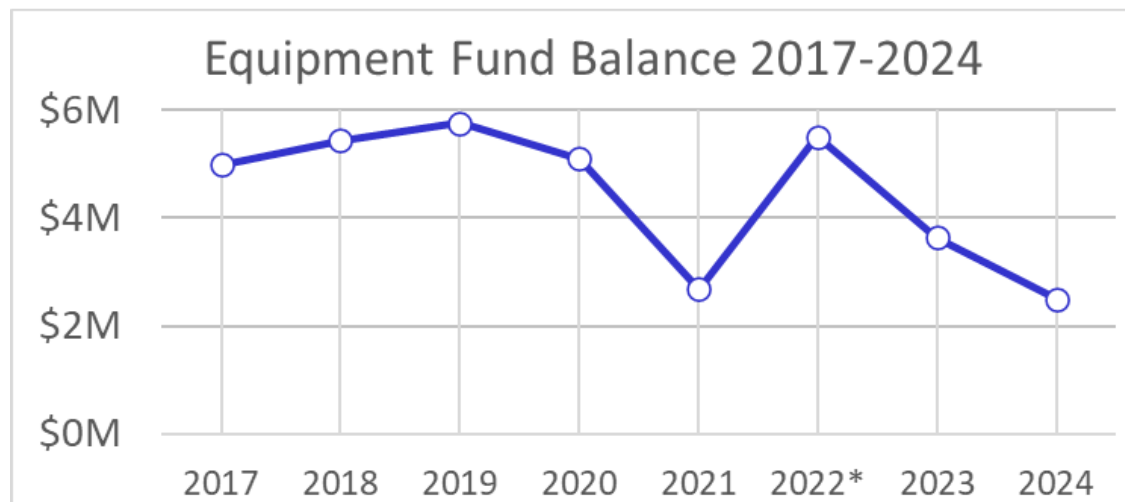
- GF actual expenditures are \$4.0 million or 5.5% greater than 2023 GF expenditures. When the one-time 2024 Capital Projects Fund transfer is excluded, the expenditure increase is \$2.0 million or 2.8%

General Fund Expenditures	2023 Actual	2024 Actual	\$ Change From 2023	% Change From 2023
Salaries	\$ 31,402,974	\$ 32,716,404	\$ 1,313,430	4.2%
Township Equipment Rental	2,770,346	3,262,935	492,589	17.8%
Professional Technical Serv	2,123,285	2,469,272	345,987	16.3%
All Other Expenditures (Net)	24,940,753	25,286,276	345,523	1.4%
Other - Refund	(670,334)	(352,585)	317,749	-47.4%
Materials & Operating Suppl	820,559	976,790	156,231	19.0%
Insurance & Claims	532,034	633,466	101,432	19.1%
Uniforms & Clothing	249,850	86,952	(162,898)	-65.2%
Utilities	1,407,258	1,054,005	(353,253)	-25.1%
Debt Service	10,009,517	9,498,497	(511,020)	-5.1%
Total	73,586,242	75,632,012	2,045,770	2.8%
Transfer to Capital Projects Fund	-	2,000,000	2,000,000	-
Grand Total	73,586,242	77,632,012	4,045,770	5.5%



2024 Sewer and Equipment Fund Financial Results (Pre-Audit)

- Sewer Fund had a deficit in 2024 but outperformed budget and EA
 - No immediate rate increase need anticipated, but next month's presentation will review fund's multi-year financial outlook
- Equipment Fund's unrestricted fund balance (cash minus outstanding orders) ended 2024 at approx. \$2.5 million
 - Maintenance and repairs continue to increase due to holding onto aging fleet longer in response fleet acquisition delays
 - Further increases to General Fund's replacement charges to Equipment Fund (currently 65%) likely a discussion point for 2026 Budget cycle





2024 Sewer/Equipment/Solid Waste Fund Financial Results (Pre-Audit)

- Solid Waste Fund ended 2024 in a worse position than anticipated
 - Approx. \$580,000 fund balance actual vs \$730,000 estimated
 - Higher salary and workers comp costs than estimated, lower misc revenue
 - Solid Waste Fund finished 2024 with a 6.7% fund balance. The 2025 rate increase (~6%) will help, but further policy action will be required this year
 - Recycling services will be bid this year for 2026+ contracts

General Fund (Million \$)	2024 Budget	2024 Estimate	2024 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance	\$ 0.60	\$ 0.47	\$ 0.47		
Revenues & Transfers In	\$ 8.72	\$ 8.83	\$ 8.76	\$ 0.04	\$ (0.07)
Expenses & Transfers Out	\$ 9.10	\$ 8.57	\$ 8.65	\$ (0.45)	\$ 0.08
Surplus/(Deficit)	\$ (0.38)	\$ 0.26	\$ 0.11	\$ 0.49	\$ (0.15)
Ending Fund Balance	\$ 0.21	\$ 0.73	\$ 0.58		
Ending FB as % of Operating Expense	2.3%	8.6%	6.7%		



2025 Year-To-Date Financial Performance





2025 YTD General Fund Performance

- Real Estate Taxes: Tracking historical performance; highest collections in final weeks of the discount period (ends 3/31)
- Business Taxes: Off to a good start, including two audit settlements totaling \$200k; more clarity on strength of annual business tax collections will be clearer as tax deadline nears (4/15)
- Other Revenues: Building Permits off to strong start due to Residential Rental License and New Commercial Building Construction permits. Most other categories in line or exceeding prior YTD totals.



2025 YTD General Fund Performance

- Salaries & Benefits: Early in the year but on track to meet vacancy savings assumptions (\$2.385 million) versus gross salaries budgeted
- Winter Storm Costs: Township has spent \$480,000 on overtime, associated payroll taxes, and salt in 2025. Salt purchases of approx. \$300,000 or \$40,000 overbudget
- Other Expenditures: Largely in line with historical and budgeted levels through the first few months
- Overall, a decent start to the year for the General Fund's finances. As typical, business tax performance will likely dictate overall performance versus the budgeted 2025 General Fund deficit (\$4.0 million)



Other Finance Updates





Other Finance Updates

- 2024 Audit Status: The Township's 2024 audit is ongoing, and work is progressing on schedule. Plan is to have audit completed and available on the Township's website by the end of June
- Pension Actuarial Valuations: Biennial 1/1/2025 actuarial valuations work is underway which will inform future MMO calculations
- Business Licensing and Tax system: Staff have provided vendor with forms and workflow outlines for initial configuration. Data migration and payment gateway discussions underway.