

Township of Lower Merion Financial Update



Finance Committee
April 8, 2026





Overview of Presentation

- I. 2025 Financial Performance (Pre-Audit)**
- II. 2026 Year-To-Date Financial Performance**
- III. Other Finance Updates**



2025 Financial Performance





2025 General Fund Financial Results (Pre-Audit)

General Fund (Million \$)	2025 Budget	2025 Estimate	2025 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance	\$ 22.5	\$ 24.5	\$ 24.5		
Revenues & Transfers In	76.3	77.2	78.2	\$ 1.9	\$ 1.0
Expenses & Transfers Out	80.3	79.1	78.9	(1.4)	(0.2)
Surplus/(Deficit)	(4.0)	(1.9)	(0.7)	3.3	1.2
Ending Fund Balance	\$ 18.5	\$ 22.6	\$ 23.8		
Ending FB as % of Operating Expenditures	23.0%	28.6%	30.2%		

- Revenues \$1.9M above Adopted Budget; exceed 2025 Estimate by \$1.0M
- Expenditures \$1.4M below Adopted Budget and lower than Estimate by \$200k
- Township enters 2026 with a Fund Balance position \$1.2M above Estimate, nearly \$24m or 30% of expenditures



2025 General Fund Financial Results (Pre-Audit)

- Few revenue categories underperformed compared to their respective 2025 Estimate
 - Zoning/Subdivision fees +\$385k versus estimate
 - Building & Electrical Permits (+101k) and Transfer Taxes (+\$120k)
- Most expenditure categories ended the year below estimates
 - Salaries & Benefits \$481k less than estimated
 - Higher than anticipated salt purchases and overtime at year-end 2025
- Final 2025 General Fund results put Township in a better starting position for 2026 to meet priorities and challenges in the coming year.



2025 General Fund Revenues (Pre-Audit)

- GF revenues were \$1.9M (+2.5%) greater than Budget and outperformed the Estimated Actual by \$952k or 1.2%

General Fund Revenue	2025 Adopted Budget	2025 Estimated Actual	2025 Actual Revenues	\$ Change From 2025 EA	% Change From 2025 EA
Zoning/Subdivision - Construction Fees	\$ 510,000	\$ 650,000	\$ 1,035,178	\$ 385,178	59.3%
<i>All Other Revenues (Net)</i>	<i>12,122,800</i>	<i>11,905,800</i>	<i>12,087,647</i>	<i>181,847</i>	<i>1.5%</i>
Real Estate Transfer Taxes	5,135,000	4,770,000	4,889,713	119,713	2.5%
Building & Electrical Permits	3,300,000	3,600,000	3,701,483	101,483	2.8%
Highway Services	103,000	121,000	196,268	75,268	62.2%
Street & Pole Permits	250,000	200,000	271,167	71,167	35.6%
Local Services Taxes	2,300,000	2,300,000	2,347,900	47,900	2.1%
Fines and Forfeits	870,000	920,000	962,549	42,549	4.6%
Real Estate Taxes- Current Year & Interim	33,715,000	33,364,000	33,359,214	(4,786)	0.0%
Business & Mercantile Tax	16,500,000	18,100,000	18,068,297	(31,703)	-0.2%
Police Services	1,450,000	1,290,000	1,253,404	(36,596)	-2.8%
Total Revenue	\$ 76,255,800	\$ 77,220,800	\$ 78,172,821	\$ 952,021	1.2%



2025 General Fund Revenues (Pre-Audit)

- Excluding one-time transfers, revenues were \$4.2 million (5.8%) greater than the prior year due to a rebound in business taxes and the 2025 real estate tax increase. Revenues lower compared to 2024 included pool fees (Ardmore Pool closure), investment income, and the PHMIC refund.

General Fund Revenue	2024 Actual	2025 Actual	\$ Change From 2024	% Change From 2024
Business & Mercantile Tax	\$ 15,192,035	\$ 18,068,297	\$ 2,876,262	18.9%
Real Estate Taxes- Current Year & Interim	31,696,953	33,359,214	1,662,261	5.2%
Zoning/Subdivision - Construction Fees	464,546	1,035,178	570,632	122.8%
<i>All Other Revenues (Net)</i>	<i>16,650,542</i>	<i>17,006,000</i>	<i>355,458</i>	<i>2.1%</i>
Building & Electrical Permits	3,402,447	3,701,483	299,036	8.8%
Fines & Forfeits	874,406	962,549	88,143	10.1%
Pool Fees	638,499	468,071	(170,428)	-26.7%
Investment Income	2,295,002	1,882,079	(412,923)	-18.0%
PHMIC Refund	1,347,430	289,949	(1,057,481)	-78.5%
Revenue Subtotal	\$ 72,561,860	\$ 76,772,821	4,210,961	5.8%
Non-Recurring Transfers - ARP Unrestricted Interest	-	1,400,000	1,400,000	-
Total Revenue & Transfers	\$ 72,561,860	\$ 78,172,821	5,610,961	7.7%



2025 General Fund Expenditures (Pre-Audit)

- GF expenditures were \$1.3M (1.7%) below Budget and \$158k (0.2%) below Estimated Actual. Lower salary and benefits costs than estimated partially offset by other compensation (e.g., overtime) and materials (winter storm salt purchases).

General Fund Expenditures	2025 Adopted Budget	2025 Estimated Actual	2025 Actual Expenses	\$ Change From 2025 EA	% Change From 2025 EA
Salaries	\$ 37,072,864	\$ 33,775,421	\$ 33,416,037	\$ (359,384)	-1.1%
Employee Benefits	12,525,831	12,151,127	12,029,113	(122,014)	-1.0%
Vacancy Savings Anticipated	(2,385,000)	-	-	-	-
Net Salaries & Benefits	\$ 47,213,695	\$ 45,926,548	\$ 45,445,150	\$ (481,398)	-1.0%
Materials & Operating Supplies	1,129,830	1,189,162	1,307,475	118,313	9.9%
Other Compensation	4,130,626	4,359,680	4,445,955	86,275	2.0%
Contracted Services	2,017,349	2,015,311	2,101,155	85,844	4.3%
Professional & Technical Services	2,762,767	2,491,462	2,531,825	40,363	1.6%
<i>All Other Expenditures (Net)</i>	<i>22,034,822</i>	<i>22,025,080</i>	<i>22,105,174</i>	<i>80,094</i>	<i>0.4%</i>
Rentals	385,985	406,738	362,408	(44,330)	-10.9%
Machinery & Equipment	614,275	669,631	625,743	(43,888)	-6.6%
Total Expenditures	80,289,349	79,083,612	78,924,885	(158,727)	-0.2%



2025 General Fund Expenditures (Pre-Audit)

- Most cost categories grew year-on-year. 2025 GF expenditures were \$3.2 million (4.2%) greater than the prior year (excluding the non-recurring 2024 transfer to the Capital Projects Fund).

General Fund Expenditures	2024 Actual	2025 Actual	\$ Change From 2024	% Change From 2024
Salaries & Benefits	\$ 44,652,527	\$ 45,445,150	\$ 792,623	1.8%
<i>All Other Expenditures (Net)</i>	7,990,716	8,459,737	469,021	5.9%
Contracted Services	1,677,432	2,124,345	446,913	26.6%
Township Equipment Rental	3,262,935	3,642,178	379,243	11.6%
Other Compensation	4,098,330	4,445,955	347,625	8.5%
Materials & Operating Supplies	982,505	1,307,475	324,970	33.1%
Maint - Equipment & Software	1,388,282	1,632,022	243,740	17.6%
Machinery & Equipment	389,112	602,553	213,441	54.9%
Insurance & Claims	633,608	762,867	129,259	20.4%
Utilities	1,089,805	1,194,769	104,964	9.6%
Refund of Prior Year Revenue	98,968	194,597	95,629	96.6%
Debt Service	9,498,497	9,113,237	(385,260)	-4.1%
Expenditure Subtotal	75,762,717	78,924,885	3,162,168	4.2%
Transfer to Capital Projects Fund	2,000,000	-	(2,000,000)	-100.0%
Total Expenditures & Transfers	77,762,717	78,924,885	1,162,168	1.5%



2025 Sewer/Equipment/Solid Waste Fund Financial Results (Pre-Audit)

- Sewer Fund operations approximately broke-even in 2025.
 - Sewer Fund 2026 rate and projections discussed separately this evening.
- Equipment Fund's ended 2025 with unrestricted net position (cash less payables and outstanding orders) of almost \$1.4 million
 - Staff anticipates increased gasoline and diesel costs will hamper the fund's performance in 2026.
 - Further increases to General Fund's replacement charges to Equipment Fund (currently 65%) likely a discussion point for 2027 Budget cycle
- Solid Waste Fund ended 2025 with a \$100,000 Fund Balance by waiving a portion of interfund fees paid to the Equipment Fund as discussed last Fall
 - A structural deficit remains in the SWF, filled temporarily in 2026 with unrestricted ARP Fund interest earnings of \$900,000
 - Refuse hauling and disposal services will be bid later this year for 2027+ services



2026 Year-To-Date Financial Performance





2026 YTD General Fund Performance

- Business taxes receipts are off to a strong start; most other revenue categories consistent with prior YTD totals.
- Winter Storm Costs: Township spent approx. \$430,000 on overtime and associated payroll taxes in 2026. Salt purchases totaling \$333,000 or \$53,000 over budget.
- Salaries & Benefits: Vacancy rate on a payroll basis for Q1 2026 was 6.4%, in line with the 2026 Budget's assumed vacancy rate of ~6.25%.
- Other GF Expenditures: Largely in line with historical and budgeted levels through the first quarter
- Overall, a good start to the year for the General Fund's finances. As typical, business tax trends will dictate a significant share of overall performance versus the budgeted 2026 General Fund deficit (\$5.0 million).



2026 YTD Performance – Other Funds

- ARP Fund: \$1.0 million of ARP funds remain as of March 31st. Township has expended its allocation of \$25.5 million; current balance represents remaining interest earnings allocated to PALM/AACC project.
- 2025 Bond proceeds: Approximately \$7 million remaining of \$25 million proceeds as of March 31st.
- Equipment Fund: Gasoline & diesel price increases, if they hold or worsen, will negatively impact the fund versus budget. Too early and volatile to estimate for certain but we expect fuels expenses to be notably overbudget for 2026.



Other Finance Updates





Other Finance Updates

- 2025 Audit Status: The Township's 2025 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.
- Business Licensing and Tax system: Staff is working through user acceptance testing and training with software provider. Anticipate going live with license software in the summer; transitioning into buildout of LST and business tax filing side of platform.
- Enterprise Resource Planning (ERP) system: Staff is preparing a Request for Proposal (RFP) to solicit new finance and payroll software and related implementation services.
- Cleanup Weekend updates