

**MONTGOMERY TOWNSHIP
AGENDA
FINANCE COMMITTEE
Monday, November 19, 2018
6:00 pm**

1. Call to order
2. Approval of Meeting Minutes of September 17, 2018 Meeting
3. Updated and new business including review of:
 - October 2018 Financial Reports
 - Fund Balance Report
 - GF Cash Balance Report
 - Local Enabling Tax Revenue Comparison
 - Earned Income Tax Revenue
 - Business Tax Report
 - Investment Summary
 - CRC Update
4. Other Business
5. Adjournment

Montgomery Township Inter-Office Memo

To: Lawrence J. Gregan, Township Manager
From: Ami Tarburton, Finance Director
Date: November 12, 2018
Subject: October 2018 Financial Reports Analysis

Attached you will find financial reports for the month ending October 31, 2018. This memo will serve as a brief analysis of the following reports and charts:

- Statement of Changes in Fund Balances Report for General Fund as of October 31, 2018.
- Chart comparing the Local Enabling Tax receipts year-to-date to the same time period in 2017.
- Chart showing the comparison of the General Fund's Projected Cash Balances in 2017 vs. 2018. Note that the year end fund balance projection for 2018 is based on actual revenues and expenditures as of October 2018 with the projected revenues and expenditures for November and December. The projected revenues/expenditures are based on the monthly revenue and expenditures percentages from 2017 applied to the 2018 Budget.
- Earned Income Tax Revenue comparison report.
- A copy of the Business Tax Monthly report, Investment Management Summary, and the Rec Center Operating Revenue and Expenditure Report, Rec Center Membership Report, and Real Estate Transfer Tax detail for the month of October 2018.

Analysis of Statement of Changes in Fund Balance
General Fund
October 2018 vs. October 2017

- Real Estate Tax Collections are down 1%, or \$17K, as compared to same period prior year. 97% of the 2018 budgeted revenues have been received as of October 31.
- Earned Income Tax (EIT) collections in the General Fund are up \$68K above October of the prior year. Berkheimer EIT revenues are up 1.6% as compared to 2018.
- Real Estate Transfer Tax Revenues are down 22% or \$149K as compared to same period prior year. Receipts reported in October are from September transactions. This decrease stems from the lack of commercial real estate transactions in 2018 as compared to 2017.
- Mercantile Tax revenue collections are up 5% or \$102K as compared to same period prior year. The due date for this tax was March 15th. Revenue collections are highest during the months of February, March and April. We should see additional revenues trickling in as we push for compliance with our delinquent accounts throughout the fall.
- Local Services Tax revenue collections for 2018 are down \$13K, or 3% as compared to 2017 revenues.
- Amusement tax receipts are down \$6K as compared to same period prior year.
- Business Privilege Tax (BPT) receipts are up 1% (\$12K) as compared to same period prior year. This increase has been enhanced by the finance department's business tax audit program, maintaining the goal of applying the township's ordinance fairly and consistently throughout the business community.
- Overall, tax revenues are down about \$4K, as compared to the same period last year, holding steady with 2017 revenues. Most tax revenues are showing only a slight increase or decrease. Notably, Real Estate Transfer Tax is reporting significantly low, but is offset by Business Taxes which are reporting significantly higher than 2017 revenues.

- Other Revenue Sources

- Building Permit revenues are up slightly as compared to same period 2017 due to numerous new construction homes and a clothing store relocation in the Mall. The primary season for this revenue source is spring into summer.
- Cable Franchise Fees are down 5% (\$24K) as compared to same period 2017.
- Overall revenues are up slightly (.1% or \$8K) compared to October 2017. The biggest contributors to this increase are Earned Income Tax and Mercantile Tax Revenues.

- Expenditures

- Overall, year-to-date expenditures are up 5% as compared to same period prior year. Most of this increase can be attributed to normal salary/wage and benefit expense increases, along with an increase in capital replacement expenditures.

MONTGOMERY TOWNSHIP
STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND
AS OF OCTOBER 31, 2018

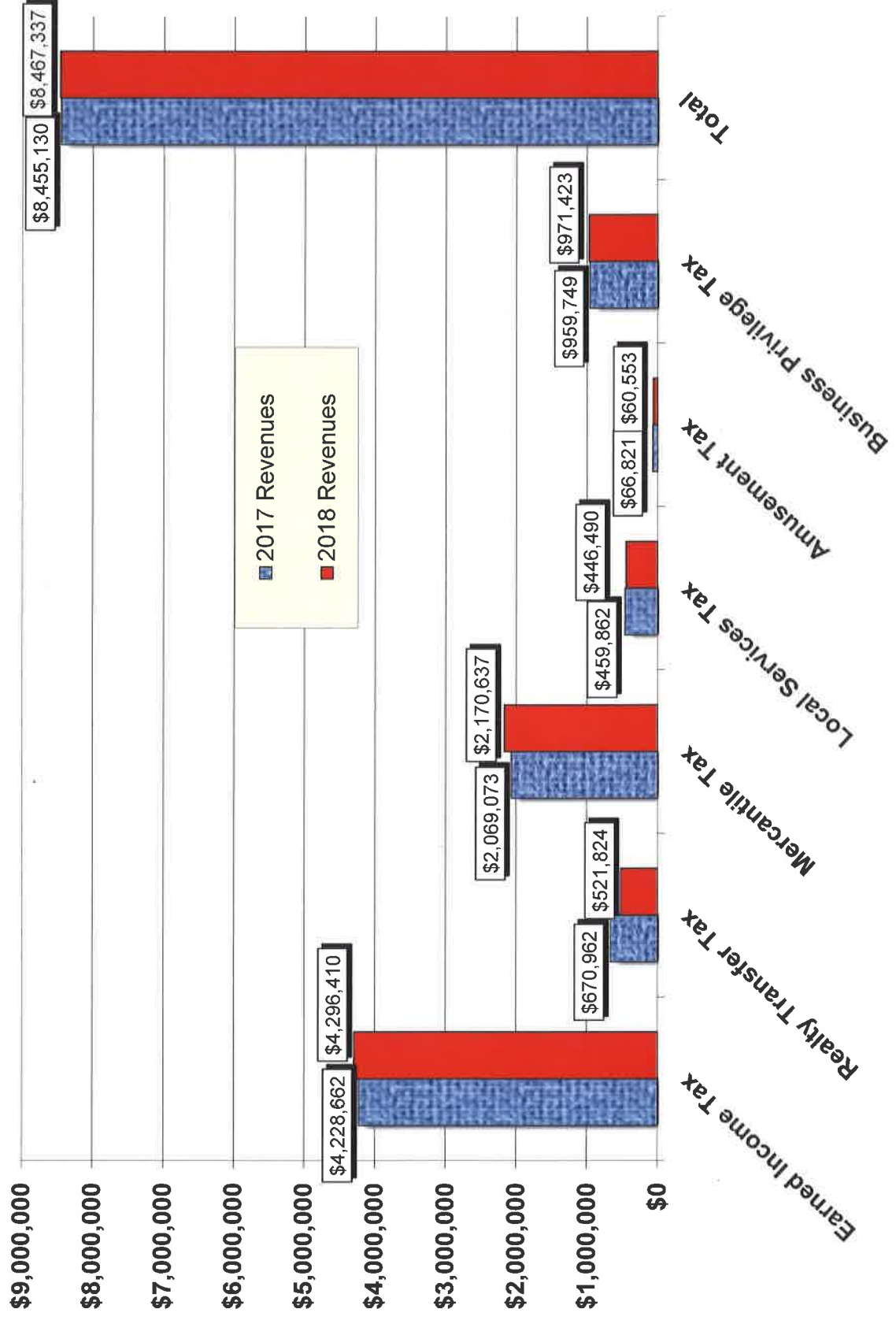
October

							DOLLAR	PERCENT
	2018 BUDGET (1)	2018 ACTUAL (2)	% of TOTAL (3)	2017 BUDGET (4)	2017 ACTUAL (5)	% of TOTAL (6)	VARIANCE 2017-2018 ACTUAL (2 - 5)	VARIANCE 2017-2018 ACTUAL (2 - 5)
REVENUES								
Taxes								
Real Estate Tax	2,196,412	2,126,000	16.7%	2,113,400	2,142,769	16.9%	(16,770)	-0.8%
Earned Income Tax	5,350,000	4,296,410	33.8%	5,350,000	4,228,662	33.3%	67,749	1.6%
Real Estate Transfer Tax	850,000	521,824	4.1%	880,000	670,962	5.3%	(149,139)	-22.2%
Mercantile Tax	2,070,000	2,170,637	17.1%	2,120,000	2,069,073	16.3%	101,564	4.9%
Local Services Tax	577,500	446,490	3.5%	557,500	459,862	3.6%	(13,373)	-2.9%
Amusement Tax	63,000	60,553	0.5%	63,000	66,821	0.5%	(6,268)	-9.4%
Business Privilege Tax	850,000	971,423	7.7%	780,000	959,749	7.6%	11,673	1.2%
Total Taxes	11,956,912	10,593,337	83.4%	11,863,900	10,597,899	83.5%	(4,563)	0.0%
Permits and Licenses								
Building Permits	570,500	616,183	4.9%	550,500	613,992	4.8%	2,191	0.4%
Cable TV	610,000	435,081	3.4%	600,000	459,263	3.6%	(24,182)	-5.3%
All Others	93,000	88,430	0.7%	93,000	72,394	0.6%	16,036	22.2%
Total Permits and Licenses	1,273,500	1,139,694	9.0%	1,243,500	1,145,649	9.0%	(5,956)	-0.5%
Other Sources								
Fines	175,000	144,182	1.1%	175,000	169,132	1.3%	(24,951)	-14.8%
Interest	32,410	29,469	0.2%	40,000	24,329	0.2%	5,140	21.1%
Grants	572,000	621,190	4.9%	572,000	559,099	4.4%	62,091	11.1%
Department Services	81,900	95,317	0.8%	81,900	104,859	0.8%	(9,542)	-9.1%
Other Financing Sources	80,000	71,448	0.6%	80,000	85,892	0.7%	(14,445)	-16.8%
	941,310	961,605	7.6%	948,900	943,312	7.4%	18,293	1.9%
TOTAL REVENUES	14,171,722	12,694,636	100.0%	14,056,300	12,686,860	100.0%	7,775	0.1%
EXPENSES								
Administration	1,396,311	1,072,403	11.2%	1,483,477	1,116,759	12.2%	(44,356)	-4.0%
Finance & IT	972,160	757,570	7.9%	963,040	730,510	8.0%	27,060	3.7%
Police	6,979,053	5,251,875	54.9%	6,955,700	5,056,884	55.3%	194,990	3.9%
Code	874,270	646,729	6.8%	898,860	690,918	7.6%	(44,189)	-6.4%
Public Works	2,288,710	1,842,877	19.3%	2,188,442	1,541,520	16.9%	301,357	19.5%
Other Financing Uses	-	-	0.0%	-	-	0.0%	0	
TOTAL EXPENSES	12,510,503	9,571,454	100.0%	12,489,519	9,136,591	100.0%	434,863	4.8%
NET REVENUES/(EXPENSES)	1,661,219	3,123,182		1,566,781	3,550,270		(427,088)	-12.0%
INCOMING TRANSFERS	537,900	208,655		394,540	338,533		(129,879)	
OUTGOING TRANSFERS	(2,192,384)	(1,844,739)		(1,960,130)	(1,536,015)		(308,724)	20.1%
{DEFICIT}/SURPLUS	6,735	1,487,097		1,191	2,352,788		(865,691)	-36.8%
BEGINNING FUND BALANCE	3,019,533	3,019,533		2,974,172	2,974,172		45,361	1.5%
ENDING FUND BALANCE	3,026,267	4,506,630		2,975,362	5,326,960		(820,330)	-15.4%

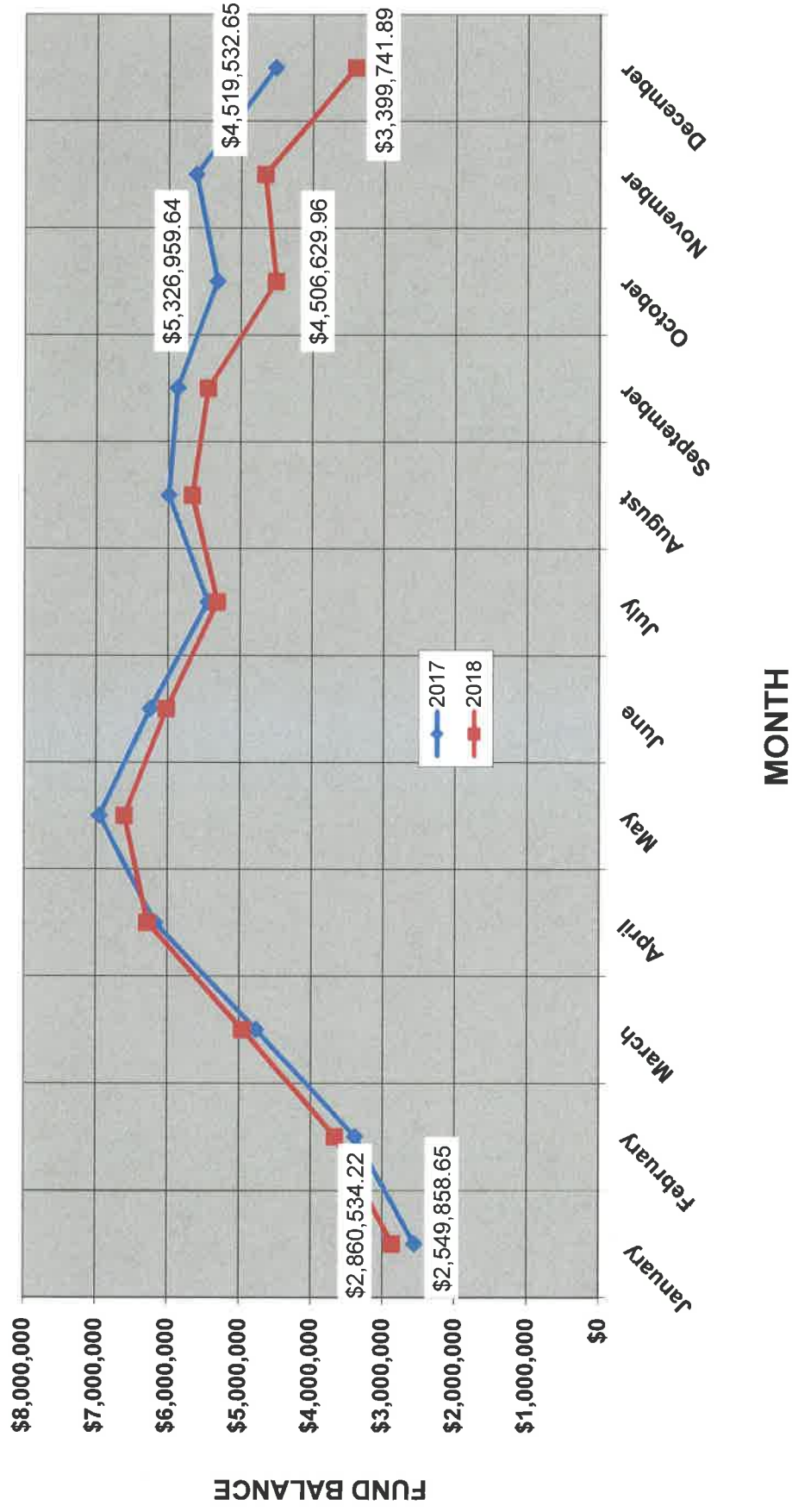
MONTGOMERY TOWNSHIP
STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND
AS OF OCTOBER 31, 2018

October				DOLLAR	PERCENT
	October 2018 Monthly Budget	2018 YTD BUDGET (1)	2018 ACTUAL (2)	VARIANCE Monthly Budget to Actual	VARIANCE Monthly Budget to Actual
REVENUES					
Taxes					
Real Estate Tax	2,139,454	2,196,412	2,126,000	(13,454)	-0.6%
Earned Income Tax	4,714,731	5,350,000	4,296,410	(418,320)	-7.8%
Real Estate Transfer Tax	760,909	850,000	521,824	(239,085)	-28.1%
Mercantile Tax	2,036,914	2,070,000	2,170,637	133,723	6.5%
Local Services Tax	519,750	577,500	446,490	(73,260)	-12.7%
Amusement Tax	52,464	63,000	60,553	8,090	12.8%
Business Privilege Tax	819,688	850,000	971,423	151,735	17.9%
Total Taxes	11,043,909	11,956,912	10,593,337	(450,572)	-3.8%
Permits and Licenses					
Building Permits	568,095	570,500	616,183	48,088	8.4%
Cable TV	563,694	610,000	435,081	(128,613)	-21.1%
All Others	93,000	93,000	88,430	(4,570)	-4.9%
Total Permits and Licenses	1,224,789	1,273,500	1,139,694	(85,095)	-6.7%
Other Sources					
Fines	175,000	175,000	144,182	(30,819)	-17.6%
Interest	14,891	32,410	29,469	14,578	45.0%
Grants	572,000	572,000	621,190	49,190	8.6%
Department Services	60,415	81,900	95,317	34,902	42.6%
Other Financing Sources	80,000	80,000	71,448	(8,552)	-10.7%
Total Other Sources	902,306	941,310	961,605	59,299	6.3%
TOTAL REVENUES	13,171,004	14,171,722	12,694,636	(476,368)	-3.4%
EXPENSES					
Administration	992,041	1,396,311	1,072,403	80,361	5.8%
Finance & IT	719,164	972,160	757,570	38,406	4.0%
Police	5,259,917	6,979,053	5,251,875	(8,042)	-0.1%
Code	598,438	874,270	646,729	48,291	5.5%
Public Works	1,573,698	2,288,710	1,842,877	269,179	11.8%
Other Financing Uses	-	-	-	-	-
TOTAL EXPENSES	9,143,259	12,510,503	9,571,454	428,195	3.4%
NET REVENUES/(EXPENSES)	4,027,744	1,661,219	3,123,182	(904,563)	-29.0%

Local Enabling Tax Revenue Comparison 2017 - 2018 As of October 31, 2018



GENERAL FUND CASH BALANCE
2017 ACTUAL VS 2018 PROJECTION
AS OF OCTOBER 31, 2018



Cash Balance - General Fund 2017

	Beginning Bal	Revenues	Expenditures	Ending Balance
January	\$2,974,171.67	\$264,528.02	\$688,841.04	\$2,549,858.65
February	\$2,549,858.65	\$1,752,250.24	\$923,672.48	\$3,378,436.41
March	\$3,378,436.41	\$2,707,601.57	\$1,317,186.09	\$4,768,851.89
April	\$4,768,851.89	\$2,397,462.55	\$988,962.08	\$6,177,352.36
May	\$6,177,352.36	\$1,775,467.22	\$1,000,132.11	\$6,952,687.47
June	\$6,952,687.47	\$713,161.66	\$1,417,574.35	\$6,248,274.78
July	\$6,248,274.78	\$408,516.45	\$1,210,127.64	\$5,446,663.59
August	\$5,446,663.59	\$1,444,336.67	\$891,790.03	\$5,999,210.23
September	\$5,999,210.23	\$1,140,874.25	\$1,260,489.57	\$5,879,594.91
October	\$5,879,594.91	\$421,195.13	\$973,830.40	\$5,326,959.64
November	\$5,326,959.64	\$1,484,532.53	\$1,189,583.02	\$5,621,909.15
December (prior to surplus balance transfer)	\$5,621,909.15	\$721,288.36	\$1,823,664.86	\$4,519,532.65
	FINAL	\$15,231,214.65	\$13,685,853.67	
	FINAL BUDGET	\$14,450,840.00	\$14,449,649.25	
	OVER/(UNDER)	\$780,374.65	(\$763,795.58)	
	OVER/(UNDER)	5.40%	-5.29%	

General Fund Cash Balance Projection 2018

January	\$3,019,532.65	\$381,295.60	\$540,294.03	\$2,860,534.22
February	\$2,860,534.22	\$1,791,560.72	\$993,815.45	\$3,658,279.49
March	\$3,658,279.49	\$2,682,339.37	\$1,383,156.28	\$4,957,462.58
April	\$4,957,462.58	\$2,358,327.11	\$1,038,296.25	\$6,277,493.44
May	\$6,277,493.44	\$1,839,776.52	\$1,516,548.96	\$6,600,721.00
June	\$6,600,721.00	\$717,796.31	\$1,298,266.01	\$6,020,251.30
July	\$6,020,251.30	\$425,113.74	\$1,132,310.36	\$5,313,054.68
August	\$5,313,054.68	\$1,373,742.68	\$1,020,090.93	\$5,666,706.43
September	\$5,666,706.43	\$1,017,046.80	\$1,234,144.09	\$5,449,609.14
October	\$5,449,609.14	\$316,291.27	\$1,259,270.45	\$4,506,629.96
November	\$4,506,629.96	\$1,433,694.74	\$1,277,984.23	\$4,662,340.48
December	\$4,662,340.48	\$696,587.85	\$1,959,186.44	\$3,399,741.89
	PROJECTED	\$15,033,572.72	\$14,653,363.48	
	BUDGET	\$14,709,622.00	\$14,702,887.34	
	OVER/(UNDER)	\$323,950.72	(\$49,523.86)	
	OVER/(UNDER)	2.20%	-0.34%	

EIT Revenues - All Funds 2013-2018

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projection	
January	\$ 535,759.55	\$ 249,949.20	\$ 138,265.04	\$ 138,457.99	\$ 154,038.34	\$ 204,878.37	A
February	\$ 397,017.02	\$ 813,824.55	\$ 906,222.69	\$ 954,271.37	\$ 960,043.66	\$ 911,999.88	A
March	\$ 666,263.64	\$ 292,691.28	\$ 401,711.77	\$ 455,774.99	\$ 262,112.84	\$ 271,329.43	A
April	\$ 381,095.99	\$ 315,738.21	\$ 272,582.32	\$ 277,769.41	\$ 264,906.10	\$ 268,728.57	A
May	\$ 320,503.58	\$ 380,377.66	\$ 1,031,984.60	\$ 1,131,146.20	\$ 1,222,372.10	\$ 1,243,122.05	A
June	\$ 653,590.27	\$ 708,867.46	\$ 378,503.55	\$ 270,744.99	\$ 291,948.88	\$ 281,972.97	A
July	\$ 390,585.66	\$ 318,251.22	\$ 188,684.52	\$ 103,934.80	\$ 122,752.55	\$ 148,680.16	A
August	\$ 297,611.83	\$ 564,576.40	\$ 752,386.09	\$ 890,739.12	\$ 909,422.14	\$ 904,282.89	A
September	\$ 443,941.20	\$ 533,453.92	\$ 456,139.99	\$ 254,262.14	\$ 244,795.18	\$ 260,769.75	A
October	\$ 240,987.76	\$ 172,392.63	\$ 127,735.05	\$ 148,233.40	\$ 133,769.81	\$ 138,146.16	A
November	\$ 604,921.93	\$ 680,190.01	\$ 628,963.75	\$ 900,021.95	\$ 904,467.46	\$ 904,467.46	E
December	\$ 414,332.39	\$ 479,479.59	\$ 569,028.17	\$ 332,696.79	\$ 263,872.85	\$ 263,872.85	E
Subtotal collections	\$ 5,346,610.82	\$ 5,509,792.13	\$ 5,852,207.54	\$ 5,858,053.15	\$ 5,734,501.91	\$ 5,802,250.54	

3.05%

6.21%

0.10%

-2.11%

1.18%

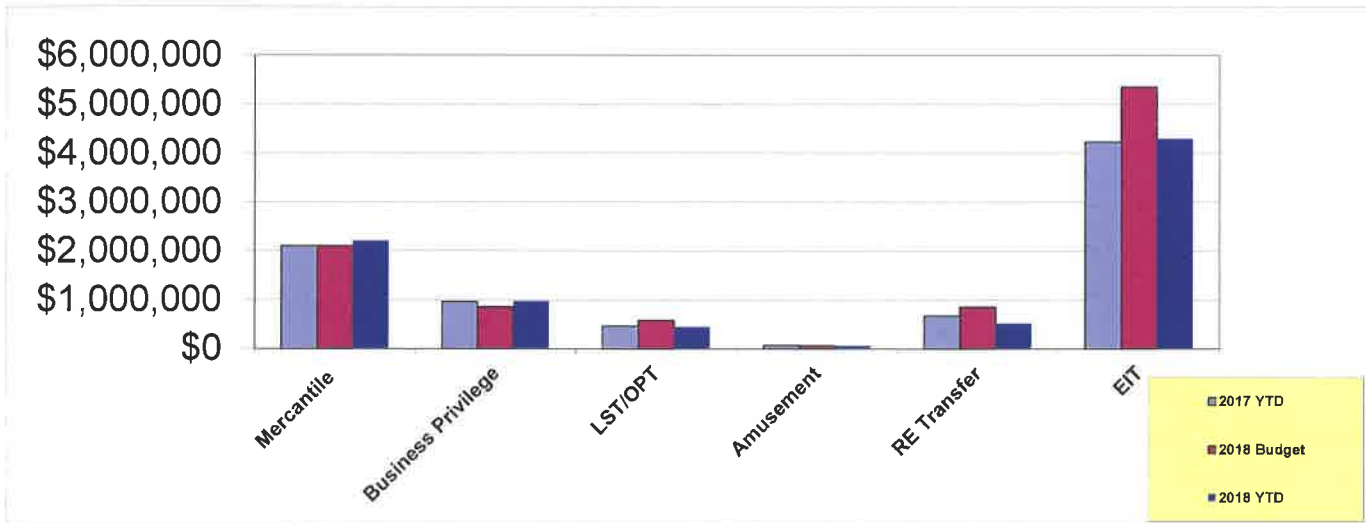
BUSINESS TAX OFFICE
MONTHLY REPORT
 Oct-18

NEW BUSINESSES ADDED TO TAX ROLLS

NAME	
Accelerated Fire Protection	Mandee
Apex Plumbing & Heating	Merit Electric LLC
Bright Lights Electrical Contractors LLC	Midatlantic Construction
Dimension Wall & Ceiling Inc.	Simon Haircuts
Ecoatm Inc.	Staffbee Solutions, Inc.
Edward B. O'Reilly Associates	Strong Together Fitness
Huntingdon Mechanical Contractors	Verizon/Wireless Nation
Jerry Wagner Inc.	Vorndran Construction Inc.
Malco Electric	

ACT 511 TAXES

	Mercantile	Business Privilege	LST/OPT	Amusement	RE Transfer	EIT	TOTALS
2017 YTD	\$2,101,487	\$959,749	\$459,862	\$66,821	\$670,962	\$4,228,662	\$8,487,544
2018 Budget	\$2,100,000	\$850,000	\$577,500	\$63,000	\$850,000	\$5,350,000	\$9,790,500
2018 YTD	\$2,204,570	\$971,423	\$446,490	\$60,553	\$521,824	\$4,296,410	\$8,501,270
Current Month	\$23,536	\$16,231	\$16,622	\$4,691	\$52,921	\$138,146	\$252,148
% of Budget	104.98%	114.29%	77.31%	96.12%	61.39%	80.31%	86.83%



REAL ESTATE DEED REGISTRATIONS

The Township ceased preregistration of Real Estate Deed Transfers in December 2008. The following information is based on Deed Transfer information provided by the Recorder of Deeds Office along with the monthly Real Estate Transfer Tax.

TYPE	# OF UNITS	AVG. PRICE	
NEW	2	\$401,405	
RESALE	24	\$344,156	
DEED CHGS	7	N/A	
COMMERCIAL	2	\$868,812	544 Dekalb Pike & 1110 Bethlehem Pike
INDUSTRIAL	0	\$0	
LAND	0	\$0	
SHERIFF	0	\$0	
TRANSFER TAXES PAID		\$52,920.89	

Account Name : Montgomery Township

Account No : 31277100

Investment Summary

October 01, 2018 through October 31, 2018

	Percent of Portfolio	Market Value
Fixed Income	99.58%	\$ 14,800,000.00
Cash Equivalents	0.42%	\$ 62,043.10
	100.00%	\$ 14,862,043.10



Account Summary

Statement Period
(10/01/2018-10/31/2018)

Year-To-Date
(01/01/2018-10/31/2018)

Beginning Market Value	\$ 14,847,030.26	\$ 14,715,365.70
Cash Deposits	0.00	0.00
Asset Deposits	0.00	0.00
Cash Withdrawals & Distributions	0.00	0.00
Asset Withdrawals & Distributions	0.00	0.00
Administrative Expenses	(1,761.18)	(15,815.21)
Tax Free Interest & Dividends	0.00	0.00
Taxable Interest & Dividends	16,774.02	162,492.61
Realized Gain/(Loss)	0.00	0.00
Unrealized Gain/(Loss)	0.00	0.00
Ending Market Value	\$ 14,862,043.10	\$ 14,862,043.10

Montgomery Township Recreation Fund

Operating Revenues and Expenditures

As of October 31, 2018

Account	2018 Budget	YTD Balance October 31, 2018	% of Budget
REVENUES:			
EARNED INCOME TAX - Allocated from GF	140,000.00	105,000.00	75.00%
	140,000.00	105,000.00	75.00%
RENTAL	115,000.00	88,584.87	77.03%
	115,000.00	88,584.87	77.03%
RECREATION PROGRAM FEES	132,000.00	98,780.39	74.83%
KIDS U REVENUE	250,000.00	251,465.00	100.59%
MEMBERSHIPS	210,000.00	180,552.44	85.98%
SHOP REVENUE/SALES	1,000.00	661.65	66.17%
SILVER SNEAKER INS REV	15,000.00	21,737.00	144.91%
GIFT CERTIFICATE SALES	500.00	1,700.00	340.00%
	608,500.00	554,896.48	91.19%
FROM GENERAL FUND	200,000.00	150,000.00	75.00%
FROM CAPITAL RESERVE	69,200.00	15,976.46	23.09%
	269,200.00	165,976.46	61.66%
Total Revenues	1,132,700.00	914,457.81	80.73%

EXPENDITURES:

Administration:

CONSULTING SERVICES	1,000.00	4,158.30	415.83%
LEGAL SERVICES	1,000.00	0.00	0.00%
BANK FEES	14,000.00	13,806.63	98.62%
CAPITAL - NEW	67,702.00	14,524.45	21.45%
	83,702.00	32,489.38	38.82%

Montgomery Township Recreation Fund

Operating Revenues and Expenditures

As of October 31, 2018

Account	2018 Budget	YTD Balance October 31, 2018	% of Budget
<i>Recreation Center:</i>			
TO NON-UNIFORMED PENSION	17,240.00	14,954.96	86.75%
SALARIES	215,430.00	150,968.02	70.08%
WAGES	100,000.00	78,766.02	78.77%
OVERTIME	3,000.00	513.71	17.12%
MEDICAL	73,550.00	48,356.39	65.75%
SOCIAL SECURITY	24,360.00	17,392.84	71.40%
EMPLOYEE BENEFITS	7,830.00	5,894.07	75.28%
OFFICE SUPPLIES	4,500.00	3,157.81	70.17%
OPERATING SUPPLIES	9,500.00	4,409.40	46.41%
VEHICLE FUEL	500.00	0.00	0.00%
VEHICLE MAINTENANCE	500.00	47.25	9.45%
PROFESSIONAL SERVICES	140,000.00	101,780.78	72.70%
CONSULTING SERVICES	120,000.00	97,173.38	80.98%
INFORMATION SERVICES	12,450.00	12,450.00	100.00%
COMMUNICATION	14,800.00	12,069.27	81.55%
PUBLIC INFORMATION	31,500.00	15,308.74	48.60%
INSURANCE	23,410.00	23,404.00	99.97%
WORKERS COMPENSATION	16,260.00	16,260.00	100.00%
PUBLIC UTILITIES	42,000.00	41,532.10	98.89%
BUILDING MAINTENANCE	44,100.00	33,141.60	75.15%
EQUIPMENT MAINTENANCE	1,100.00	7,446.91	676.99%
RENTALS	4,500.00	3,213.94	71.42%
DUES AND SUBSCRIPTIONS	600.00	425.00	70.83%
MEETINGS AND CONFERENCES	1,650.00	490.00	29.70%
CAPITAL - REPLACEMENT	1,500.00	1,500.00	0.00%
	910,280.00	690,656.19	75.87%
<i>Kids U:</i>			
WAGES	90,000.00	72,634.72	80.71%
OVERTIME	1,000.00	1,218.58	121.86%
SOCIAL SECURITY	6,970.00	5,647.91	81.03%
CONSULTING SERVICES	47,000.00	59,672.19	126.96%
COMMUNICATION	1,000.00	882.82	88.28%
PUBLIC INFORMATION	500.00	270.23	54.05%
	146,470.00	140,326.45	95.81%
Total Expenditures	1,140,452.00	863,472.02	75.71%
Net Revenues/Expenditures	(7,752.00)	50,985.79	