


**MONTGOMERY TOWNSHIP
AGENDA
FINANCE COMMITTEE
Monday, June 17, 2019
6:00 pm**

1. Call to order
 2. Approval of Meeting Minutes of April 15, 2019 Meeting
 3. Updated and new business including review of:
 - May 2019 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
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Montgomery Township Inter-Office Memo

To: Lawrence J. Gregan, Township Manager
From: Ami Tarburton, Finance Director 
Date: June 10, 2019
Subject: May 2019 Financial Reports Analysis

Attached you will find financial reports for the month ending May 31, 2019. 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 May 31, 2019.
 - Chart comparing the Local Enabling Tax receipts year-to-date to the same time period in 2018.
 - Chart showing the comparison of the General Fund's Projected Cash Balances in 2018 vs. 2019. Note that the year end fund balance projection for 2019 is based on actual revenues and expenditures as of May 31, 2019 with the projected revenues and expenditures for June through December. The projected revenues/expenditures are based on the monthly revenue and expenditures percentages from 2018 applied to the 2019 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 for the month of May 2019.

Analysis of Statement of Changes in Fund Balance
General Fund
May 2019 vs. May 2018

- Real Estate Tax Collections are down \$312K compared to same period prior year due to the shifting of real estate millage of .15 mills from the General Fund back to the Debt Service Fund to fund scheduled debt service payments. March through April is known as the 'discount period' where residents receive a 2% discount for payment during that time, and the bulk of these tax revenues were collected during these months.
- Earned Income Tax (EIT) collections in the General Fund are up \$64K or 2.3% above May of the prior year.
- Real Estate Transfer Tax Revenues are up 33% or \$45K as compared to same period prior year. Receipts reported in May are for April. This increase is due to limited activity in 2018 and the fact that there have been numerous commercial real estate transactions through May of 2019.
- Mercantile Tax revenue collections are down 6% or \$123K as compared to same period prior year. We have had numerous retailers who have either closed, relocated outside of the Township, or otherwise had a significant reduction in gross receipts. The reduction in revenues stemming from Teva, Whole Foods, Xerox, BabiesRus and ToysRus, Fence City and Closet City make up 98% of the entire decrease in Mercantile Tax revenue.
- Local Services Tax revenue collections are down \$19K or 7%. This decrease is largely due to the reduction of employees at the Township's Teva Pharmaceuticals. The first due date for employer remittances for 2019 was April 30th.
- Amusement tax receipts are down \$9K as compared to same period prior year due to the closing of Chuck E. Cheese entertainment center.
- Business Privilege Tax (BPT) receipts are up 8% (\$68K) 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.
- Overall, tax revenues are down 2%, about \$210K, as compared to the same period last year. This decrease is due to the real estate tax millage which was shifted back to the Debt Service fund for 2019.

- Other Revenue Sources

- Building Permit revenues are up 10% (\$32K) as compared to same period 2018 due to numerous ongoing commercial projects. The primary season for this revenue source is spring into summer.
- Cable Franchise Fees are down slightly by 1% or \$2,500 as compared to same period 2018.
- Overall revenues are down 2% or \$210K compared to May 2018 due to the planned redirection of real estate tax millage revenue to the Debt Service Fund.

- Expenditures

- Overall, year-to-date expenditures are up 5% as compared to same period prior year. This increase can mostly be attributed to the police department's significant increase in capital replacement purchases over the amount spent in 2018, combined with the normal increases in wage and benefit expenses.

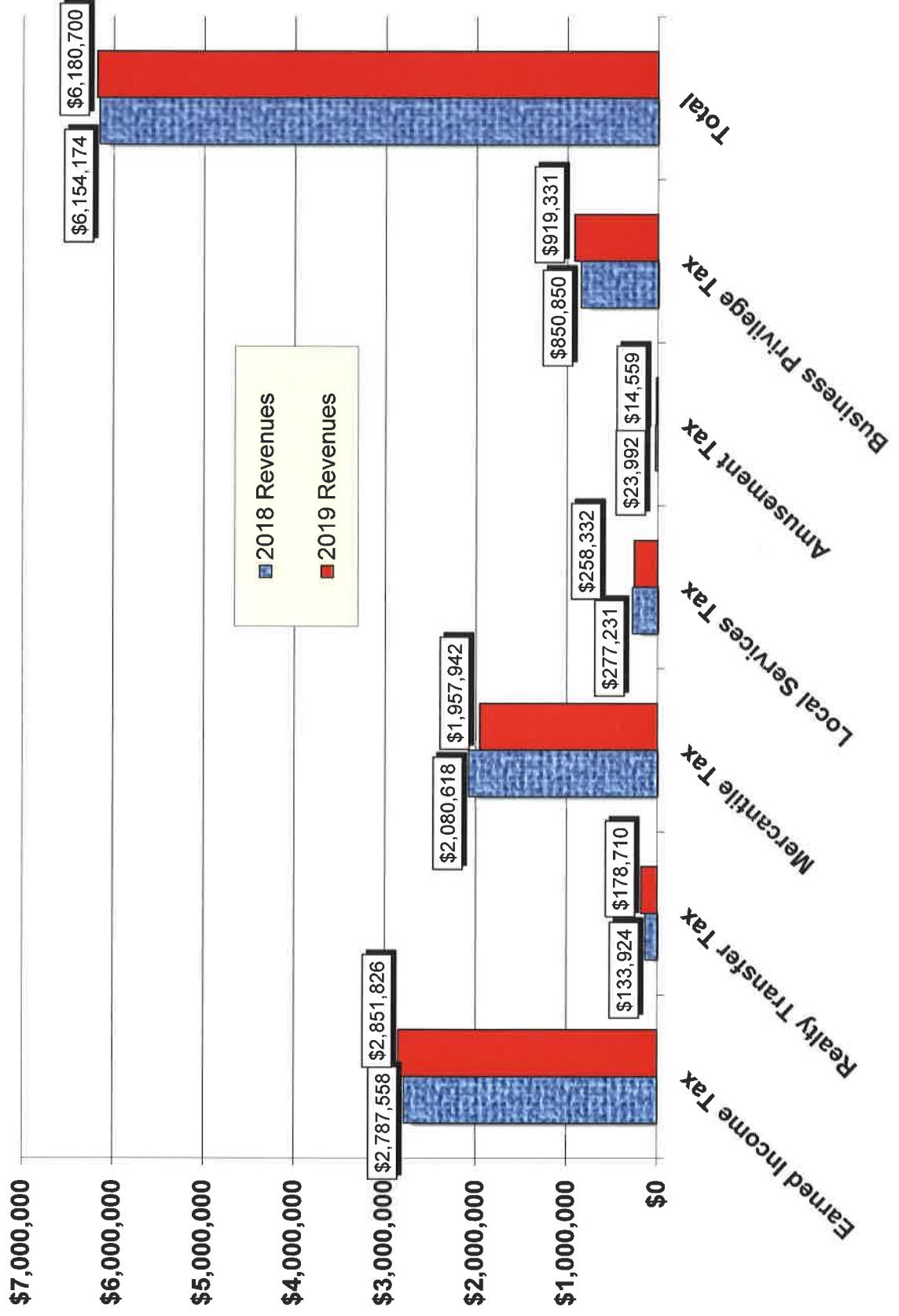
MONTGOMERY TOWNSHIP
STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND
AS OF MAY 31, 2019

May							DOLLAR	PERCENT
	2019 BUDGET (1)	2019 ACTUAL (2)	% of TOTAL (3)	2018 BUDGET (4)	2018 ACTUAL (5)	% of TOTAL (6)	VARIANCE 2018-2019 ACTUAL (2 - 5)	VARIANCE 2018-2019 ACTUAL (2 - 5)
REVENUES								
Taxes								
Real Estate Tax	1,816,700	1,719,317	19.5%	2,196,412	2,031,252	22.6%	(311,935)	-15.4%
Earned Income Tax	5,350,000	2,851,826	32.4%	5,350,000	2,787,558	31.0%	64,268	2.3%
Real Estate Transfer Tax	850,000	178,710	2.0%	850,000	133,924	1.5%	44,787	33.4%
Mercantile Tax	2,175,000	1,957,942	22.3%	2,070,000	2,080,618	23.1%	(122,676)	-5.9%
Local Services Tax	577,500	258,332	2.9%	577,500	277,231	3.1%	(18,899)	-6.8%
Amusement Tax	68,000	14,559	0.2%	63,000	23,992	0.3%	(9,433)	-39.3%
Business Privilege Tax	950,000	919,331	10.5%	850,000	850,850	9.4%	68,481	8.0%
Total Taxes	11,787,200	7,900,017	89.8%	11,956,912	8,185,426	90.9%	(285,409)	-3.5%
Permits and Licenses								
Building Permits	657,500	368,967	4.2%	570,500	336,959	3.7%	32,008	9.5%
Cable TV	610,000	288,760	3.3%	610,000	291,353	3.2%	(2,593)	-0.9%
All Others	100,000	76,002	0.9%	93,000	55,740	0.6%	20,262	36.4%
Total Permits and Licenses	1,367,500	733,729	8.3%	1,273,500	684,052	7.6%	49,677	7.3%
Other Sources								
Fines	175,000	73,416	0.8%	175,000	65,045	0.7%	8,371	12.9%
Interest	50,000	29,865	0.3%	32,410	12,594	0.1%	17,271	137.1%
Grants	662,790	5,188	0.1%	572,000	6,091	0.1%	(903)	-14.8%
Department Services	101,900	50,019	0.6%	81,900	52,436	0.6%	(2,417)	-4.6%
Other Financing Sources	80,000	3,351	0.0%	80,000	360	0.0%	2,991	831.0%
	1,069,690	161,839	1.8%	941,310	136,525	1.5%	25,313	18.5%
TOTAL REVENUES	14,224,390	8,795,585	100.0%	14,171,722	9,006,003	100.0%	(210,418)	-2.3%
EXPENSES								
Administration								
Administration	1,385,641	541,190	10.9%	1,396,311	520,113	11.0%	21,077	4.1%
Finance & IT	989,990	376,040	7.6%	972,160	420,117	8.9%	(44,077)	-10.5%
Police	7,302,072	2,929,176	59.1%	6,979,053	2,637,159	55.9%	292,017	11.1%
Code	928,500	296,832	6.0%	874,270	301,938	6.4%	(5,106)	-1.7%
Public Works	2,612,814	809,359	16.3%	2,288,710	840,735	17.8%	(31,376)	-3.7%
Other Financing Uses	-	-	0.0%	-	-	0.0%	0	
TOTAL EXPENSES	13,219,017	4,952,596	100.0%	12,510,503	4,720,061	100.0%	232,535	4.9%
NET REVENUES/(EXPENSES)	1,005,373	3,842,989		1,661,219	4,285,941		(442,953)	-10.3%
INCOMING TRANSFERS	608,120	252,804		537,900	47,297		205,508	
OUTGOING TRANSFERS	(1,789,680)	(658,634)		(2,192,384)	(752,050)		93,416	-12.4%
{DEFICIT}/SURPLUS	(176,187)	3,437,159		6,735	3,581,188		(144,029)	-4.0%
BEGINNING FUND BALANCE	3,048,640	3,048,640		3,019,533	3,019,533		29,107	1.0%
ENDING FUND BALANCE	2,872,453	6,485,799		3,026,267	6,600,721		(114,922)	-1.7%

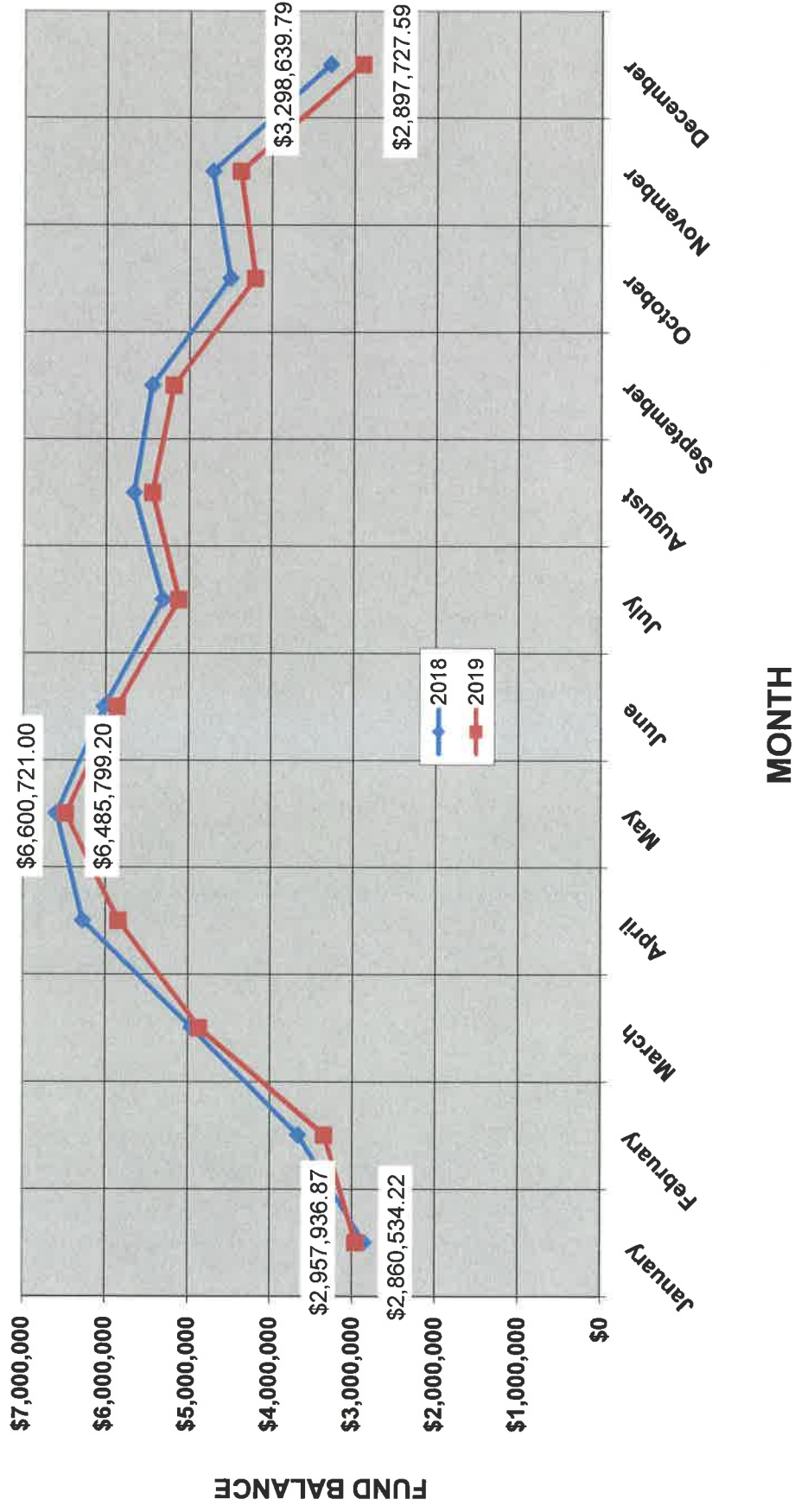
MONTGOMERY TOWNSHIP
STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND
AS OF MAY 31, 2019

May				DOLLAR	PERCENT
	May 2019 Monthly Budget	2019 YTD BUDGET (1)	2019 ACTUAL (2)	VARIANCE Monthly Budget to Actual	VARIANCE Monthly Budget to Actual
REVENUES					
Taxes					
Real Estate Tax	1,639,267	1,816,700	1,719,317	80,050	4.4%
Earned Income Tax	2,733,051	5,350,000	2,851,826	118,775	2.2%
Real Estate Transfer Tax	226,053	850,000	178,710	(47,343)	-5.6%
Mercantile Tax	2,070,046	2,175,000	1,957,942	(112,104)	-5.2%
Local Services Tax	287,217	577,500	258,332	(28,885)	-5.0%
Amusement Tax	21,839	68,000	14,559	(7,280)	-10.7%
Business Privilege Tax	835,615	950,000	919,331	83,716	8.8%
Total Taxes	7,813,087	11,787,200	7,900,017	86,930	0.7%
Permits and Licenses					
Building Permits	327,308	657,500	368,967	41,659	6.3%
Cable TV	334,001	610,000	288,760	(45,241)	-7.4%
All Others	65,891	100,000	76,002	10,112	10.1%
Total Permits and Licenses	727,199	1,367,500	733,729	6,530	0.5%
Other Sources					
Fines	84,195	175,000	73,416	(10,779)	-6.2%
Interest	11,449	50,000	29,865	18,415	36.8%
Grants	19,460	662,790	5,188	(14,272)	-2.2%
Department Services	35,402	101,900	50,019	14,617	14.3%
Other Financing Sources	3,804	80,000	3,351	(453)	-0.6%
Total Other Sources	154,310	1,069,690	161,839	7,529	0.7%
TOTAL REVENUES	8,694,596	14,224,390	8,795,585	100,988	0.7%
EXPENSES					
Administration	461,960	1,385,641	541,190	79,231	5.7%
Finance & IT	345,870	989,990	376,040	30,170	3.0%
Police	2,495,697	7,302,072	2,929,176	433,478	5.9%
Code	287,270	928,500	296,832	9,561	1.0%
Public Works	840,358	2,612,814	809,359	(30,999)	-1.2%
Other Financing Uses					
TOTAL EXPENSES	4,431,155	13,219,017	4,952,596	521,441	3.9%
NET REVENUES/(EXPENSES)	4,263,441	1,005,373	3,842,989	(420,452)	-10.9%

Local Enabling Tax Revenue Comparison 2018 - 2019 As of May 31, 2019



**GENERAL FUND CASH BALANCE
2018 ACTUAL VS 2019 PROJECTION
AS OF MAY 31, 2019**



Cash Balance - General Fund 2018

	Beginning Bal	Revenues	Expenditures	Ending Balance
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	\$1,342,387.54	\$1,130,454.46	\$4,718,563.04
December (prior to surplus balance transfer)	\$4,718,563.04	\$578,356.14	\$1,998,279.39	\$3,298,639.79
	FINAL	\$14,824,033.80	\$14,544,926.66	
	FINAL BUDGET	\$14,709,622.00	\$14,702,887.34	
	OVER/(UNDER)	\$114,411.80	(\$157,960.68)	
	OVER/(UNDER)	0.78%	-1.07%	

General Fund Cash Balance Projection 2019

January	\$3,048,639.79	\$402,937.52	\$493,640.44	\$2,957,936.87
February	\$2,957,936.87	\$1,611,663.86	\$1,227,654.08	\$3,341,946.65
March	\$3,341,946.65	\$3,169,933.95	\$1,650,742.78	\$4,861,137.82
April	\$4,861,137.82	\$2,029,212.76	\$1,046,852.02	\$5,843,498.56
May	\$5,843,498.56	\$1,834,641.02	\$1,192,340.38	\$6,485,799.20
June	\$6,485,799.20	\$718,206.74	\$1,339,661.69	\$5,864,344.24
July	\$5,864,344.24	\$425,356.81	\$1,168,414.49	\$5,121,286.57
August	\$5,121,286.57	\$1,374,528.17	\$1,052,616.90	\$5,443,197.84
September	\$5,443,197.84	\$1,017,628.33	\$1,273,495.22	\$5,187,330.95
October	\$5,187,330.95	\$316,472.12	\$1,299,422.75	\$4,204,380.32
November	\$4,204,380.32	\$1,343,155.10	\$1,166,499.41	\$4,381,036.01
December	\$4,381,036.01	\$578,686.84	\$2,061,995.26	\$2,897,727.59
	PROJECTED	\$14,822,423.22	\$14,973,335.42	
	BUDGET	\$14,832,510.00	\$15,008,696.94	
	OVER/(UNDER)	(\$10,086.78)	(\$35,361.52)	
	OVER/(UNDER)	-0.07%	-0.24%	

EIT Revenues - All Funds

2014 - 2019

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Projection
January	\$ 249,949.20	\$ 138,265.04	\$ 138,457.99	\$ 154,038.34	\$ 204,878.37	\$ 194,158.87
February	\$ 813,824.55	\$ 906,222.69	\$ 954,271.37	\$ 960,043.66	\$ 911,999.88	\$ 945,745.66
March	\$ 292,691.28	\$ 401,711.77	\$ 455,774.99	\$ 262,112.84	\$ 271,329.43	\$ 284,057.09
April	\$ 315,738.21	\$ 272,582.32	\$ 277,769.41	\$ 264,906.10	\$ 268,728.57	\$ 299,824.88
May	\$ 380,377.66	\$ 1,031,984.60	\$ 1,131,146.20	\$ 1,222,372.10	\$ 1,243,122.05	\$ 1,240,539.30
June	\$ 708,867.46	\$ 378,503.55	\$ 270,744.99	\$ 291,948.88	\$ 281,972.97	\$ 281,972.97
July	\$ 318,251.22	\$ 188,684.52	\$ 103,934.80	\$ 122,752.55	\$ 148,680.16	\$ 148,680.16
August	\$ 564,576.40	\$ 752,386.09	\$ 890,739.12	\$ 909,422.14	\$ 904,282.89	\$ 904,282.89
September	\$ 533,453.92	\$ 456,139.99	\$ 254,262.14	\$ 244,795.18	\$ 260,769.75	\$ 260,769.75
October	\$ 172,392.63	\$ 127,735.05	\$ 148,233.40	\$ 133,769.81	\$ 138,146.16	\$ 138,146.16
November	\$ 680,190.01	\$ 628,963.75	\$ 900,021.95	\$ 904,467.46	\$ 895,613.00	\$ 895,613.00
December	\$ 479,479.59	\$ 569,028.17	\$ 332,696.79	\$ 263,872.85	\$ 203,188.93	\$ 203,188.93
Subtotal collections	\$ 5,509,792.13	\$ 5,852,207.54	\$ 5,858,053.15	\$ 5,734,501.91	\$ 5,732,712.16	\$ 5,796,979.66

5.21%

0.10%

-2.11%

-0.03%

1.12%

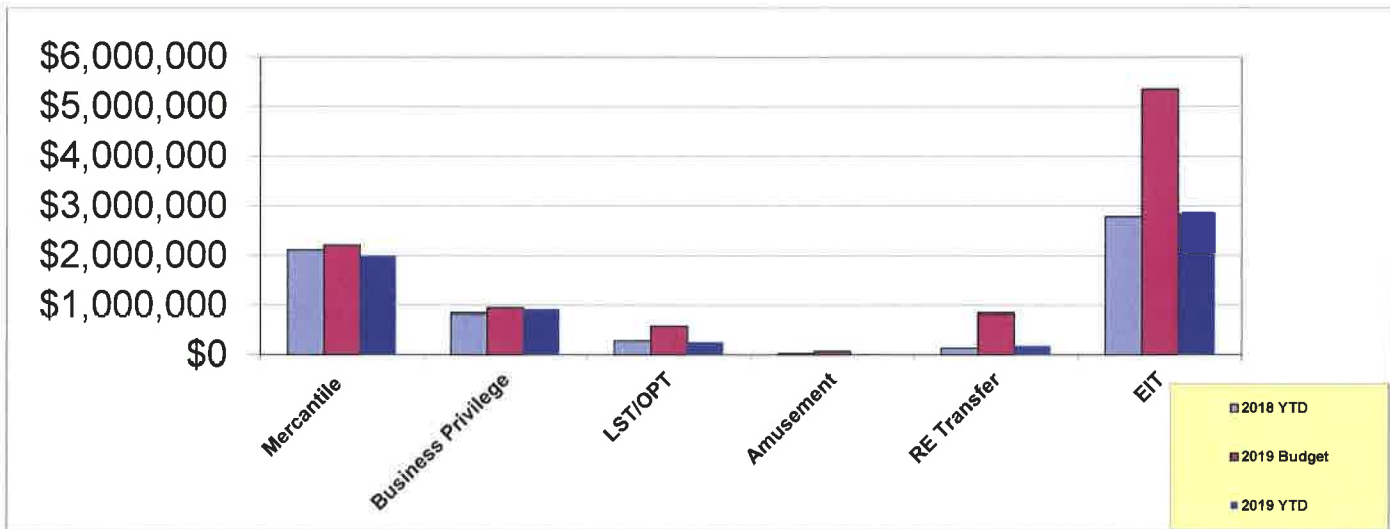
**BUSINESS TAX OFFICE
MONTHLY REPORT
May-19**

NEW BUSINESSES ADDED TO TAX ROLLS

NAME	
Aaron Electrical Construction	HJ Martin & Sons Inc
Autozone No. 5187	Malcom Contractors
Doctor Tile LLC	Overhead Door Co. of Reading
Dream Mechanical	

ACT 511 TAXES

	Mercantile	Business Privilege	LST/OPT	Amusement	RE Transfer	EIT	TOTALS
2018 YTD	\$2,112,751	\$850,850	\$277,231	\$23,992	\$133,924	\$2,787,558	\$6,186,307
2019 Budget	\$2,207,000	\$950,000	\$577,500	\$68,000	\$850,000	\$5,350,000	\$10,002,500
2019 YTD	\$1,990,492	\$919,331	\$258,332	\$14,559	\$178,710	\$2,851,826	\$6,213,250
Current Month	\$36,614	\$43,914	\$108,256	\$5,482	\$65,910	\$1,240,539	\$1,500,715
% of Budget	90.19%	96.77%	44.73%	21.41%	21.02%	53.31%	62.12%



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.

<u>TYPE</u>	<u># OF UNITS</u>	<u>AVG. PRICE</u>	
NEW	2	\$444,862	
RESALE	32	\$330,041	
DEED CHGS	7	N/A	
COMMERCIAL	1	\$2,000,000	798 Bethlehem Pike
INDUSTRIAL	0	\$0	
LAND	1	\$0	
SHERIFF	0	\$0	
TRANSFER TAXES PAID		\$65,910.01	

Account Name : Montgomery Township

Investment Summary

Account No : 31277100

May 01, 2019 through May 31, 2019

	Percent of Portfolio	Market Value
Fixed Income	96.19%	\$ 14,497,000.00
Cash Equivalents	3.81%	\$ 574,092.76
	100.00%	\$ 15,071,092.76



Account Summary

	Statement Period (05/01/2019-05/31/2019)	Year-To-Date (01/01/2019-05/31/2019)
Beginning Market Value	\$ 15,029,968.26	\$ 14,929,726.64
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	(1,812.13)	(8,157.02)
Tax Free Interest & Dividends	0.00	0.00
Taxable Interest & Dividends	42,936.63	149,523.14
Realized Gain/(Loss)	0.00	0.00
Unrealized Gain/(Loss)	0.00	0.00
Ending Market Value	\$ 15,071,092.76	\$ 15,071,092.76

Montgomery Township Recreation Fund

Operating Revenues and Expenditures

As of May 31, 2019

Account	2019 Budget	YTD Balance May 31, 2019	% of Budget
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REVENUES:

EARNED INCOME TAX - Allocated from GF	140,000.00	58,333.33	41.67%
	140,000.00	58,333.33	41.67%
RENTAL	115,790.00	53,989.75	46.63%
	115,790.00	53,989.75	46.63%
RECREATION PROGRAM FEES	131,000.00	56,190.31	42.89%
KIDS U REVENUE	252,000.00	251,940.25	99.98%
MEMBERSHIPS	221,000.00	112,390.00	50.86%
SHOP REVENUE/SALES	1,000.00	381.80	38.18%
SILVER SNEAKER INS REV	25,000.00	14,701.00	58.80%
GIFT CERTIFICATE SALES	2,000.00	3,200.00	160.00%
	632,000.00	438,803.36	69.43%
FROM GENERAL FUND	200,000.00	83,333.33	41.67%
FROM CAPITAL RESERVE	39,160.00	899.97	2.30%
	239,160.00	84,233.30	35.22%
Total Revenues	1,126,950.00	635,359.75	56.38%

EXPENDITURES:

Administration:

CONSULTING SERVICES	1,000.00	0.00	0.00%
LEGAL SERVICES	1,000.00	0.00	0.00%
BANK FEES	16,000.00	9,419.21	58.87%
CAPITAL - NEW	34,700.00	1,399.97	4.03%
	52,700.00	10,819.18	20.53%

Montgomery Township Recreation Fund

Operating Revenues and Expenditures

As of May 31, 2019

Account	2019 Budget	YTD Balance May 31, 2019	% of Budget
<i>Recreation Center:</i>			
TO NON-UNIFORMED PENSION	17,700.00	7,193.19	40.64%
SALARIES	221,890.00	82,914.48	37.37%
WAGES	105,060.00	36,432.16	34.68%
OVERTIME	1,540.00	0.00	0.00%
MEDICAL	69,920.00	25,224.69	36.08%
SOCIAL SECURITY	25,100.00	9,088.81	36.21%
EMPLOYEE BENEFITS	7,940.00	3,085.64	38.86%
OFFICE SUPPLIES	4,300.00	733.84	17.07%
OPERATING SUPPLIES	9,000.00	1,864.89	20.72%
VEHICLE FUEL	200.00	82.51	41.26%
VEHICLE MAINTENANCE	500.00	305.75	61.15%
PROFESSIONAL SERVICES	140,000.00	48,778.40	34.84%
CONSULTING SERVICES	111,000.00	45,775.06	41.24%
INFORMATION SERVICES	8,220.00	5,425.43	66.00%
COMMUNICATION	14,800.00	6,024.63	40.71%
PUBLIC INFORMATION	29,500.00	8,674.48	29.41%
INSURANCE	23,340.00	11,669.64	50.00%
WORKERS COMPENSATION	16,440.00	8,924.00	54.28%
PUBLIC UTILITIES	46,800.00	13,875.41	29.65%
BUILDING MAINTENANCE	41,600.00	17,059.29	41.01%
EQUIPMENT MAINTENANCE	14,200.00	4,459.32	31.40%
RENTALS	4,500.00	1,535.62	34.12%
DUES AND SUBSCRIPTIONS	600.00	0.00	0.00%
MEETINGS AND CONFERENCES	1,550.00	654.18	42.21%
CAPITAL - REPLACEMENT	4,460.00	1,895.88	0.00%
	920,160.00	341,677.30	37.13%
<i>Kids U:</i>			
WAGES	90,260.00	552.20	0.61%
OVERTIME	1,030.00	0.00	0.00%
SOCIAL SECURITY	7,100.00	23.64	0.33%
OFFICE SUPPLIES	250.00	34.17	
CONSULTING SERVICES	53,000.00	8,103.74	15.29%
COMMUNICATION	1,950.00	61.70	3.16%
PUBLIC INFORMATION	500.00	0.00	0.00%
	154,090.00	8,775.45	5.70%
Total Expenditures	1,126,950.00	361,271.93	32.06%
Net Revenues/Expenditures	0.00	274,087.82	