

**MONTGOMERY TOWNSHIP  
AGENDA  
FINANCE COMMITTEE  
Monday, August 19, 2019  
7:00 pm**

1. Call to order
2. Approval of Meeting Minutes of April 15, 2019 Meeting
3. Updated and new business including review of:
  - July 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

## Montgomery Township Inter-Office Memo

**To:** Lawrence J. Gregan, Township Manager  
**From:** *Ami*  
Ami Tarburton, Finance Director  
**Date:** August 8, 2019  
**Subject:** July 2019 Financial Reports Analysis

Attached you will find financial reports for the month ending July 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 July 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 July 31, 2019 with the projected revenues and expenditures for August 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 July 2019.

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

- Real Estate Tax Collections are down \$345 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 \$30K or 1% above May of the prior year.
- Real Estate Transfer Tax Revenues are up 20% or \$58K as compared to same period prior year. Receipts reported in July are for June. This increase is due to limited activity in 2018 and the fact that there have been numerous commercial real estate transactions through July of 2019.
- Mercantile Tax revenue collections are down 4% or \$89K 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 6%. 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 30<sup>th</sup>.
- 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 holding steady reporting \$2K less than same period prior year. The due date for this tax was March 15<sup>th</sup>. Revenue collections are highest during the months of February, March and April.
- Overall, tax revenues are down 4%, about \$375K, as compared to the same period last year. This decrease is mostly 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 down 5% (\$24K) as compared to same period 2018 due to the completion of numerous 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 3% or \$336K compared to July 2018 mostly due to the planned redirection of real estate tax millage revenue to the Debt Service Fund.

- Expenditures

- Overall, year-to-date expenditures are up 4% 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.

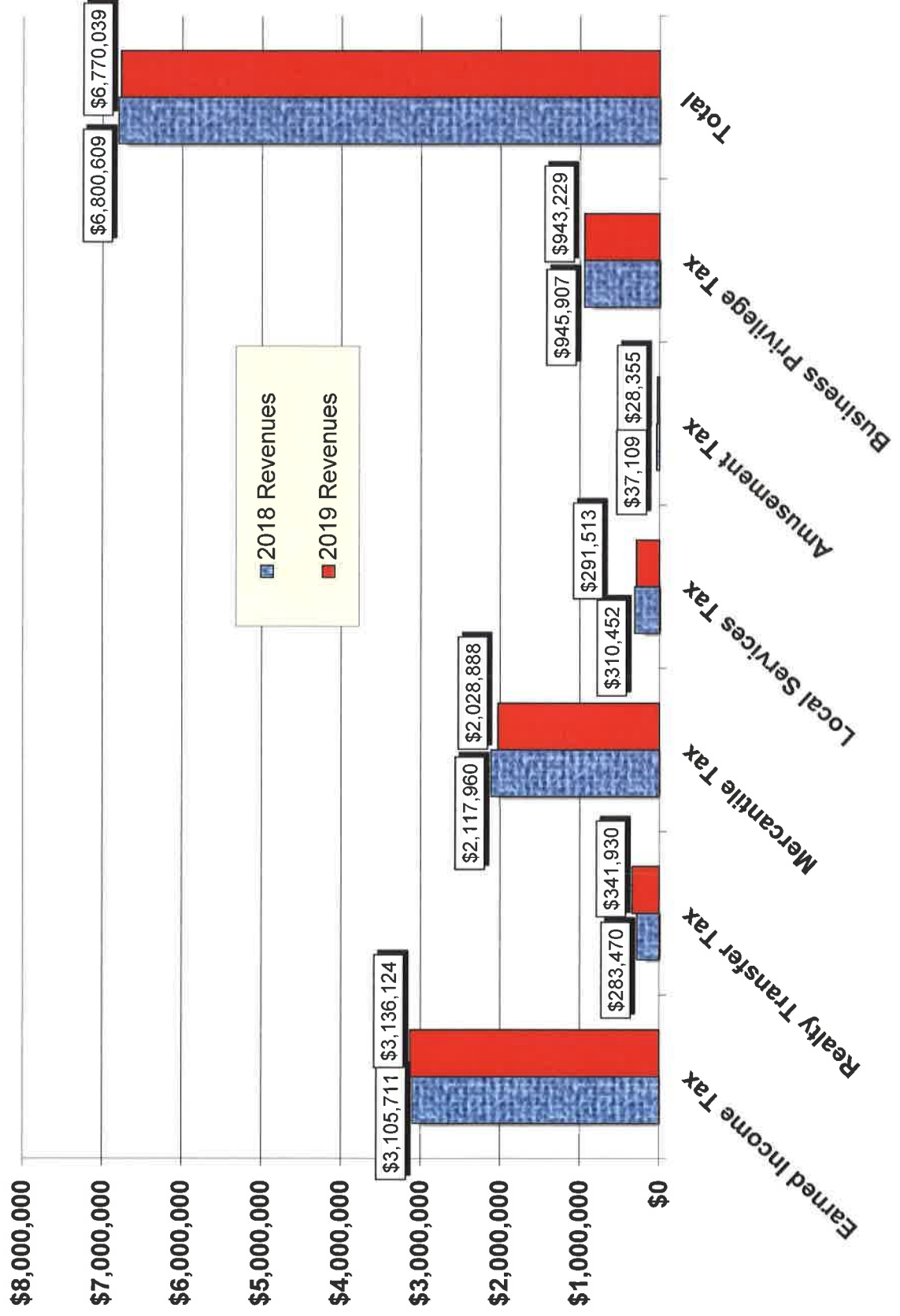
**MONTGOMERY TOWNSHIP**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**AS OF JULY 31, 2019**

July							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)
<b>REVENUES</b>								
Taxes								
Real Estate Tax	1,816,700	1,797,485	18.6%	2,196,412	2,142,127	21.5%	(344,642)	-16.1%
Earned Income Tax	5,350,000	3,136,124	32.5%	5,350,000	3,105,711	31.1%	30,412	1.0%
Real Estate Transfer Tax	850,000	341,930	3.5%	850,000	283,470	2.8%	58,460	20.6%
Mercantile Tax	2,175,000	2,028,888	21.0%	2,070,000	2,117,960	21.2%	(89,071)	-4.2%
Local Services Tax	577,500	291,513	3.0%	577,500	310,452	3.1%	(18,940)	-6.1%
Amusement Tax	68,000	28,355	0.3%	63,000	37,109	0.4%	(8,754)	-23.6%
Business Privilege Tax	950,000	943,229	9.8%	850,000	945,907	9.5%	(2,678)	-0.3%
Total Taxes	11,787,200	8,567,524	88.8%	11,956,912	8,942,736	89.6%	(375,212)	-4.2%
Permits and Licenses								
Building Permits	657,500	457,374	4.7%	570,500	481,878	4.8%	(24,503)	-5.1%
Cable TV	610,000	288,760	3.0%	610,000	291,353	2.9%	(2,593)	-0.9%
All Others	100,000	81,668	0.8%	93,000	65,345	0.7%	16,322	25.0%
Total Permits and Licenses	1,367,500	827,802	8.6%	1,273,500	838,576	8.4%	(10,774)	-1.3%
Other Sources								
Fines	175,000	113,307	1.2%	175,000	99,894	1.0%	13,413	13.4%
Interest	50,000	44,269	0.5%	32,410	19,374	0.2%	24,895	128.5%
Grants	662,790	10,538	0.1%	572,000	10,365	0.1%	173	1.7%
Department Services	101,900	78,042	0.8%	81,900	69,130	0.7%	8,912	12.9%
Other Financing Sources	80,000	3,351	0.0%	80,000	1,013	0.0%	2,339	230.9%
	1,069,690	249,508	2.6%	941,310	199,776	2.0%	49,732	24.9%
<b>TOTAL REVENUES</b>	<b>14,224,390</b>	<b>9,644,834</b>	<b>100.0%</b>	<b>14,171,722</b>	<b>9,981,088</b>	<b>100.0%</b>	<b>(336,254)</b>	<b>-3.4%</b>
<b>EXPENSES</b>								
Administration								
Administration	1,385,641	761,695	11.0%	1,396,311	761,628	11.4%	67	0.0%
Finance & IT	989,990	528,382	7.6%	972,160	563,572	8.4%	(35,189)	-6.2%
Police	7,302,072	3,989,783	57.4%	6,979,053	3,690,187	55.3%	299,596	8.1%
Code	928,500	437,663	6.3%	874,270	445,504	6.7%	(7,841)	-1.8%
Public Works	2,612,814	1,228,742	17.7%	2,288,710	1,211,971	18.2%	16,772	1.4%
Other Financing Uses	-	-	0.0%	-	-	0.0%	0	
<b>TOTAL EXPENSES</b>	<b>13,219,017</b>	<b>6,946,266</b>	<b>100.0%</b>	<b>12,510,503</b>	<b>6,672,861</b>	<b>100.0%</b>	<b>273,404</b>	<b>4.1%</b>
<b>NET REVENUES/(EXPENSES)</b>	<b>1,005,373</b>	<b>2,698,568</b>		<b>1,661,219</b>	<b>3,308,226</b>		<b>(609,659)</b>	<b>-18.4%</b>
<b>INCOMING TRANSFERS</b>	<b>608,120</b>	<b>443,146</b>		<b>537,900</b>	<b>215,122</b>		<b>228,024</b>	
<b>OUTGOING TRANSFERS</b>	<b>(1,789,680)</b>	<b>(1,033,315)</b>		<b>(2,192,384)</b>	<b>(1,229,826)</b>		<b>196,511</b>	<b>-16.0%</b>
<b>(DEFICIT)/SURPLUS</b>	<b>(176,187)</b>	<b>2,108,399</b>		<b>6,735</b>	<b>2,293,522</b>		<b>(185,123)</b>	<b>-8.1%</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,048,640</b>	<b>3,048,640</b>		<b>3,019,533</b>	<b>3,019,533</b>		<b>29,107</b>	<b>1.0%</b>
<b>ENDING FUND BALANCE</b>	<b>2,872,453</b>	<b>5,157,039</b>		<b>3,026,267</b>	<b>5,313,055</b>		<b>(156,016)</b>	<b>-2.9%</b>

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

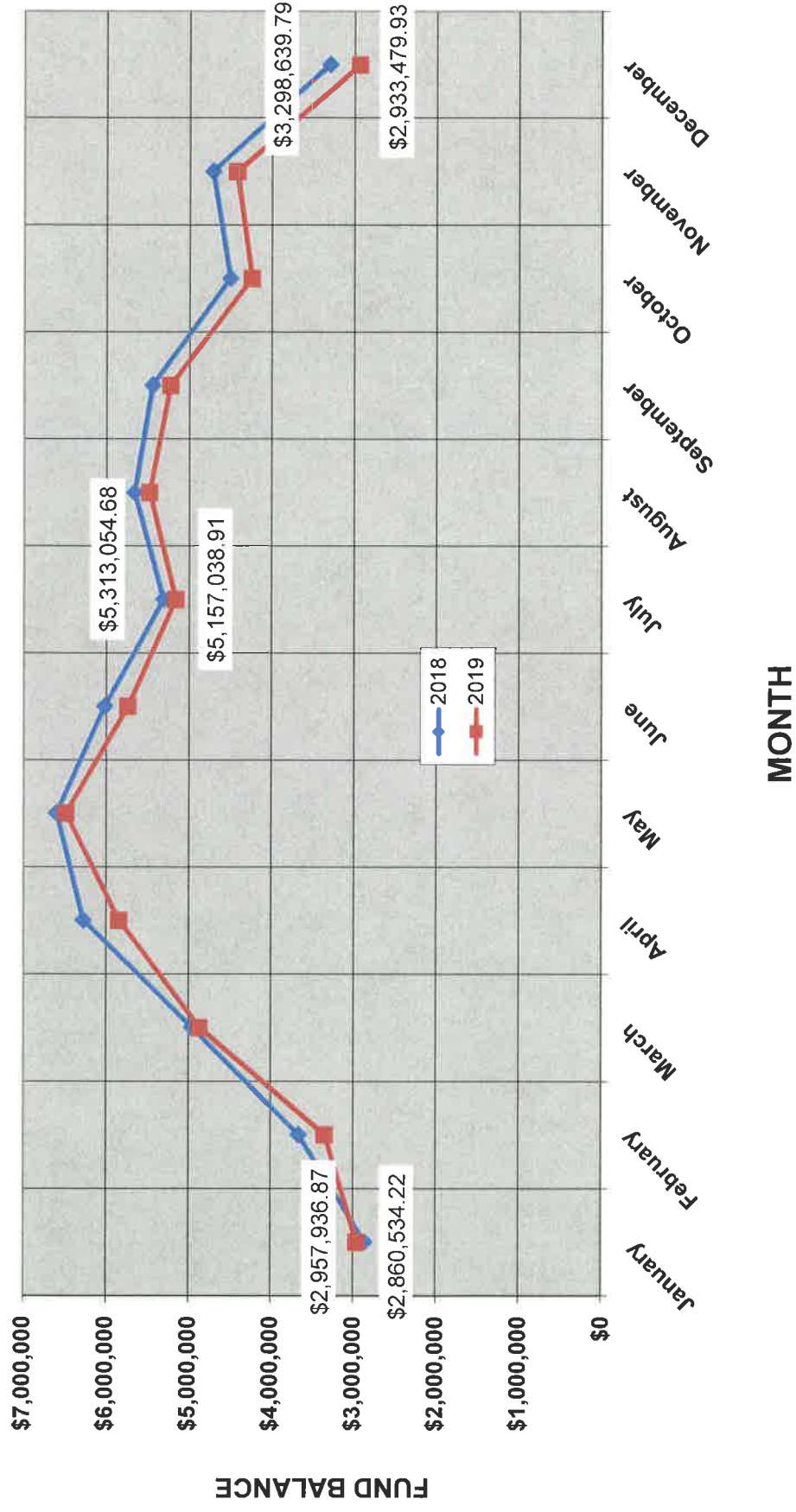
July				DOLLAR	PERCENT
	July 2019 Monthly Budget	2019 YTD BUDGET (1)	2019 ACTUAL (2)	VARIANCE Monthly Budget to Actual	VARIANCE Monthly Budget to Actual
<b>REVENUES</b>					
Taxes					
Real Estate Tax	1,759,739	1,816,700	1,797,485	37,746	2.1%
Earned Income Tax	3,556,565	5,350,000	3,136,124	(420,441)	-7.9%
Real Estate Transfer Tax	430,490	850,000	341,930	(88,560)	-10.4%
Mercantile Tax	2,157,095	2,175,000	2,028,888	(128,206)	-5.9%
Local Services Tax	411,298	577,500	291,513	(119,785)	-20.7%
Amusement Tax	34,414	68,000	28,355	(6,059)	-8.9%
Business Privilege Tax	873,811	950,000	943,229	69,418	7.3%
Total Taxes	9,223,411	11,787,200	8,567,524	(655,887)	-5.6%
Permits and Licenses					
Building Permits	524,419	657,500	457,374	(67,044)	-10.2%
Cable TV	389,345	610,000	288,760	(100,585)	-16.5%
All Others	85,861	100,000	81,668	(4,194)	-4.2%
Total Permits and Licenses	999,626	1,367,500	827,802	(171,824)	-12.6%
Other Sources					
Fines	129,651	175,000	113,307	(16,344)	-9.3%
Interest	15,591	50,000	44,269	28,678	57.4%
Grants	45,196	662,790	10,538	(34,658)	-5.2%
Department Services	60,121	101,900	78,042	17,921	17.6%
Other Financing Sources	8,604	80,000	3,351	(5,253)	-6.6%
Total Other Sources	259,164	1,069,690	249,508	(9,656)	-0.9%
<b>TOTAL REVENUES</b>	10,482,201	14,224,390	9,644,834	(837,367)	-5.9%
<b>EXPENSES</b>					
Administration	663,081	1,385,641	761,695	98,614	7.1%
Finance & IT	478,507	989,990	528,382	49,875	5.0%
Police	3,703,777	7,302,072	3,989,783	286,006	3.9%
Code	416,411	928,500	437,663	21,252	2.3%
Public Works	1,205,508	2,612,814	1,228,742	23,234	0.9%
Other Financing Uses					
<b>TOTAL EXPENSES</b>	6,467,284	13,219,017	6,946,266	478,982	3.6%
<b>NET REVENUES/(EXPENSES)</b>	4,014,917	1,005,373	2,698,568	(1,316,349)	-48.8%

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





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





### Cash Balance - General Fund 2018

	<b>Beginning Bal</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Ending Balance</b>
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	\$1,192,421.71	\$6,485,717.87
June	\$6,485,717.87	\$704,582.23	\$1,451,882.59	\$5,738,417.51
July	\$5,738,417.51	\$335,008.28	\$916,386.88	\$5,157,038.91
August	\$5,157,038.91	\$1,374,528.17	\$1,052,616.90	\$5,478,950.18
September	\$5,478,950.18	\$1,017,628.33	\$1,273,495.22	\$5,223,083.29
October	\$5,223,083.29	\$316,472.12	\$1,299,422.75	\$4,240,132.66
November	\$4,240,132.66	\$1,343,155.10	\$1,166,499.41	\$4,416,788.35
December	\$4,416,788.35	\$578,686.84	\$2,061,995.26	\$2,933,479.93
	PROJECTED	\$14,718,450.18	\$14,833,610.04	
	BUDGET	\$14,832,510.00	\$15,008,696.94	
	OVER/(UNDER)	(\$114,059.82)	(\$175,086.90)	
	OVER/(UNDER)	-0.77%	-1.17%	

# 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 A
February	\$ 813,824.55	\$ 906,222.69	\$ 954,271.37	\$ 960,043.66	\$ 911,999.88	\$ 945,745.66 A
March	\$ 292,691.28	\$ 401,711.77	\$ 455,774.99	\$ 262,112.84	\$ 271,329.43	\$ 284,057.09 A
April	\$ 315,738.21	\$ 272,582.32	\$ 277,769.41	\$ 264,906.10	\$ 268,728.57	\$ 299,824.88 A
May	\$ 380,377.66	\$ 1,031,984.60	\$ 1,131,146.20	\$ 1,222,372.10	\$ 1,243,122.05	\$ 1,240,539.30 A
June	\$ 708,867.46	\$ 378,503.55	\$ 270,744.99	\$ 291,948.88	\$ 281,972.97	\$ 290,661.47 A
July	\$ 318,251.22	\$ 188,684.52	\$ 103,934.80	\$ 122,752.55	\$ 148,680.16	\$ 106,136.24 A
August	\$ 564,576.40	\$ 752,386.09	\$ 890,739.12	\$ 909,422.14	\$ 904,282.89	\$ 904,282.89 E
September	\$ 533,453.92	\$ 456,139.99	\$ 254,262.14	\$ 244,795.18	\$ 260,769.75	\$ 260,769.75 E
October	\$ 172,392.63	\$ 127,735.05	\$ 148,233.40	\$ 133,769.81	\$ 138,146.16	\$ 138,146.16 E
November	\$ 680,190.01	\$ 628,963.75	\$ 900,021.95	\$ 904,467.46	\$ 895,613.00	\$ 895,613.00 E
December	\$ 479,479.59	\$ 569,028.17	\$ 332,696.79	\$ 263,872.85	\$ 203,188.93	\$ 203,188.93 E
Subtotal collections	\$ 5,509,792.13	\$ 5,852,207.54	\$ 5,858,053.15	\$ 5,734,501.91	\$ 5,732,712.16	\$ 5,763,124.24

6.21%

0.10%

-2.11%

-0.03%

0.53%

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

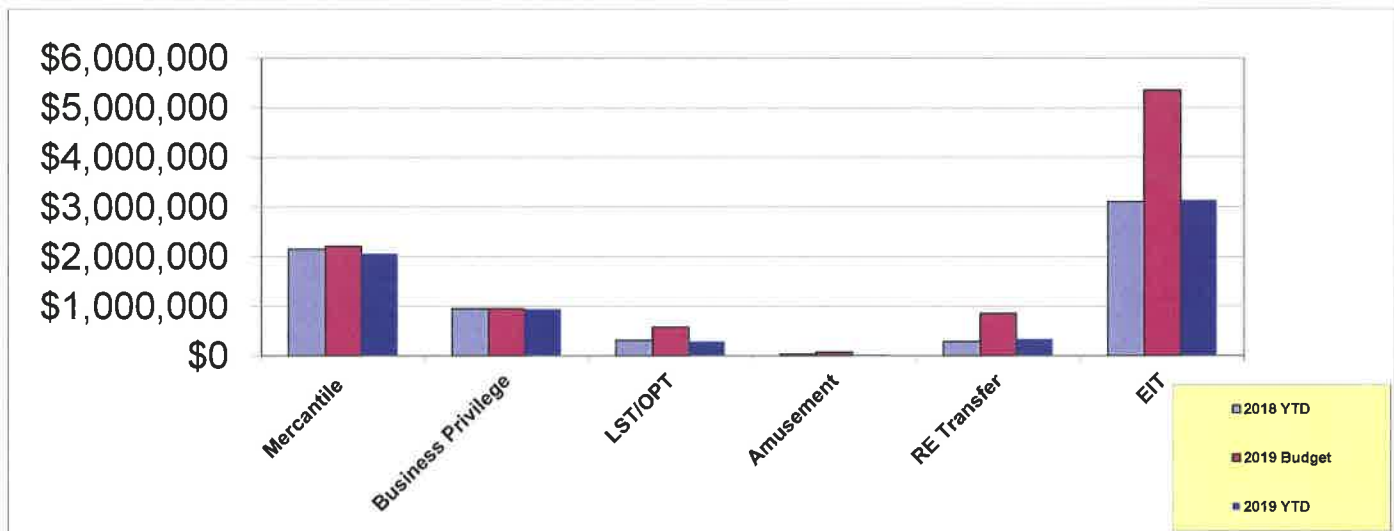
**NEW BUSINESSES ADDED TO TAX ROLLS**

**NAME**

2Fanz  
First Children Learning Services  
Sicom  
TRG Mid-Atlantic

**ACT 511 TAXES**

	Mercantile	Business Privilege	LST/OPT	Amusement	RE Transfer	EIT	TOTALS
2018 YTD	\$2,150,218	\$945,907	\$310,452	\$37,109	\$283,470	\$3,105,711	\$6,832,867
2019 Budget	\$2,207,000	\$950,000	\$577,500	\$68,000	\$850,000	\$5,350,000	\$10,002,500
2019 YTD	\$2,061,238	\$943,229	\$291,513	\$28,355	\$341,930	\$3,136,124	\$6,802,389
Current Month	\$55,941	\$1,947	\$14,424	\$6,930	\$53,046	\$106,136	\$238,424
% of Budget	93.40%	99.29%	50.48%	41.70%	40.23%	58.62%	68.01%



**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.

<b><u>TYPE</u></b>	<b><u># OF UNITS</u></b>	<b><u>AVG. PRICE</u></b>
NEW	1	\$454,000
RESALE	29	\$362,644
DEED CHGS	9	N/A
COMMERCIAL	0	\$0
INDUSTRIAL	0	\$0
LAND	0	\$0
SHERIFF	0	\$0
TRANSFER TAXES PAID		\$53,045.81

Account Name : Montgomery Township

## Investment Summary

Account No : 31277100

July 01, 2019 through July 31, 2019

	Percent of Portfolio	Market Value
Fixed Income	89.18%	\$ 13,497,000.00
Cash Equivalents	10.82%	\$ 1,636,943.11
	100.00%	\$ 15,133,943.11



## Account Summary

	Statement Period (07/01/2019-07/31/2019)	Year-To-Date (01/01/2019-07/31/2019)
Beginning Market Value	\$ 15,101,929.76	\$ 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	(1,804.31)	(11,773.46)
Tax Free Interest & Dividends	0.00	0.00
Taxable Interest & Dividends	33,817.66	215,989.93
Realized Gain/(Loss)	0.00	0.00
Unrealized Gain/(Loss)	0.00	0.00
Ending Market Value	\$ 15,133,943.11	\$ 15,133,943.11

# Montgomery Township Recreation Fund

## Operating Revenues and Expenditures

### As of July 31, 2019

Account	2019 Budget	YTD Balance July 31, 2019	% Budget Used
---------	-------------	------------------------------	------------------

#### REVENUES:

EARNED INCOME TAX - Allocated from GF	140,000.00	81,666.67	58.33%
	140,000.00	81,666.67	58.33%
RENTAL	115,790.00	66,370.00	57.32%
	115,790.00	66,370.00	57.32%
RECREATION PROGRAM FEES	131,000.00	86,921.31	66.35%
KIDS U REVENUE	252,000.00	260,511.25	103.38%
MEMBERSHIPS	221,000.00	135,210.50	61.18%
SHOP REVENUE/SALES	1,000.00	381.80	38.18%
SILVER SNEAKER INS REV	25,000.00	21,760.00	87.04%
GIFT CERTIFICATE SALES	2,000.00	3,200.00	160.00%
	632,000.00	507,984.86	80.38%
FROM GENERAL FUND	200,000.00	116,666.67	58.33%
FROM CAPITAL RESERVE	39,160.00	7,394.85	18.88%
	239,160.00	124,061.52	51.87%
<b>Total Revenues</b>	<b>1,126,950.00</b>	<b>780,083.04</b>	<b>69.22%</b>

#### 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	11,235.56	70.22%
CAPITAL - NEW	34,700.00	9,597.97	27.66%
	52,700.00	20,833.53	39.53%

# Montgomery Township Recreation Fund

## Operating Revenues and Expenditures

### As of July 31, 2019

Account	2019 Budget	YTD Balance July 31, 2019	% Budget Used
<b><i>Recreation Center:</i></b>			
TO NON-UNIFORMED PENSION	17,700.00	10,571.49	59.73%
SALARIES	221,890.00	118,139.04	53.24%
WAGES	105,060.00	50,950.09	48.50%
OVERTIME	1,540.00	115.35	7.49%
MEDICAL	69,920.00	35,352.71	50.56%
SOCIAL SECURITY	25,100.00	13,188.42	52.54%
EMPLOYEE BENEFITS	7,940.00	4,395.49	55.36%
OFFICE SUPPLIES	4,300.00	1,496.84	34.81%
OPERATING SUPPLIES	9,000.00	2,145.70	23.84%
VEHICLE FUEL	200.00	112.04	56.02%
VEHICLE MAINTENANCE	500.00	376.72	75.34%
PROFESSIONAL SERVICES	140,000.00	71,424.03	51.02%
CONSULTING SERVICES	111,000.00	91,287.12	82.24%
INFORMATION SERVICES	8,220.00	5,783.43	70.36%
COMMUNICATION	14,800.00	8,801.89	59.47%
PUBLIC INFORMATION	29,500.00	8,674.48	29.41%
INSURANCE	23,340.00	17,504.46	75.00%
WORKERS COMPENSATION	16,440.00	13,035.00	79.29%
PUBLIC UTILITIES	46,800.00	19,283.96	41.21%
BUILDING MAINTENANCE	41,600.00	23,097.23	55.52%
EQUIPMENT MAINTENANCE	14,200.00	5,611.32	39.52%
RENTALS	4,500.00	2,229.84	49.55%
DUES AND SUBSCRIPTIONS	600.00	0.00	0.00%
MEETINGS AND CONFERENCES	1,550.00	654.18	42.21%
CAPITAL - REPLACEMENT	4,460.00	3,695.88	0.00%
	920,160.00	507,926.71	55.20%
<b><i>Kids U:</i></b>			
WAGES	90,260.00	47,293.90	52.40%
OVERTIME	1,030.00	151.23	14.68%
SOCIAL SECURITY	7,100.00	3,302.22	46.51%
OFFICE SUPPLIES	250.00	144.13	57.65%
CONSULTING SERVICES	53,000.00	37,915.35	71.54%
COMMUNICATION	1,950.00	1,657.35	84.99%
PUBLIC INFORMATION	500.00	0.00	0.00%
	154,090.00	90,464.18	58.71%
<b>Total Expenditures</b>	<b>1,126,950.00</b>	<b>619,224.42</b>	<b>54.95%</b>
<b>Net Revenues/Expenditures</b>	<b>0.00</b>	<b>160,858.62</b>	