

POPULAR ANNUAL FINANCIAL REPORT

Montgomery Township

FOR FISCAL YEAR ENDED
DECEMBER 31, 2020



WELCOME!

Montgomery Township at the crossroads of culture, commerce and community.



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Dear Residents,

On behalf of the Board of Supervisors, I am pleased to present to you Montgomery Township's first Popular Annual Financial Report (PAFR). Our goal in producing this report is to present a clear, concise picture of the Township's financial position and its operations. The figures shown in this report are taken from our more detailed annual report, which can be found on the Township website www.montgomerytwp.org.

The Township was fortunate to end the year with a surplus of \$752,000 which will be utilized to pay for our future capital and infrastructure needs. The Township's financial picture remains healthy, as evidenced by our bond rating of AAA, strong tax base, and the desirability to live in our community.

2020 is certainly a year we will not soon forget!

Amid a pandemic with all its challenges, Montgomery Township continued to monitor its spending, and provide necessary services to ensure the life, health, and safety of its citizens.

We look forward to continuing in that same vein in 2021.

*Carolyn McCreary
Township Manager*



MONTGOMERY TOWNSHIP FACTS AND FIGURES*

Township Characteristics

- 10.82 square miles
- 73.92 miles of Township roads
- Philadelphia suburb



Population

- Population in 2020 26,164
- Population in 2010 24,816
- Population percent change 5.40%

Population Characteristics

- Persons under age 18 years 5,599
- Persons 65 years and over 4,369
- Veterans 1,375

Living Characteristics

- Persons per household 2.63
- Households 9,853
- Households with computer 94%
- Mean travel time to work 30.4 minutes
- Median household income \$ 110,043
- Per capital income \$ 55,298
- Persons in poverty 2.80%



* The Census Bureau is currently conducting multiple surveys, including the Household Pulse Survey, the American Community Survey, and a survey to measure the accuracy of the 2020 Census. Official results for 2020 have not been published yet. Data used in this publication is from previous publications.

BUSINESS STATISTICS

Top Five Employers of 2020

1. Cobham Management Services with 535 employees
2. McCallion Temps, Inc. with 406 employees
3. Wegmans Food Market with 386 employees
4. Costco Wholesale Corporation with 385 employees
5. TEVA Pharmaceuticals USA with 332 employees



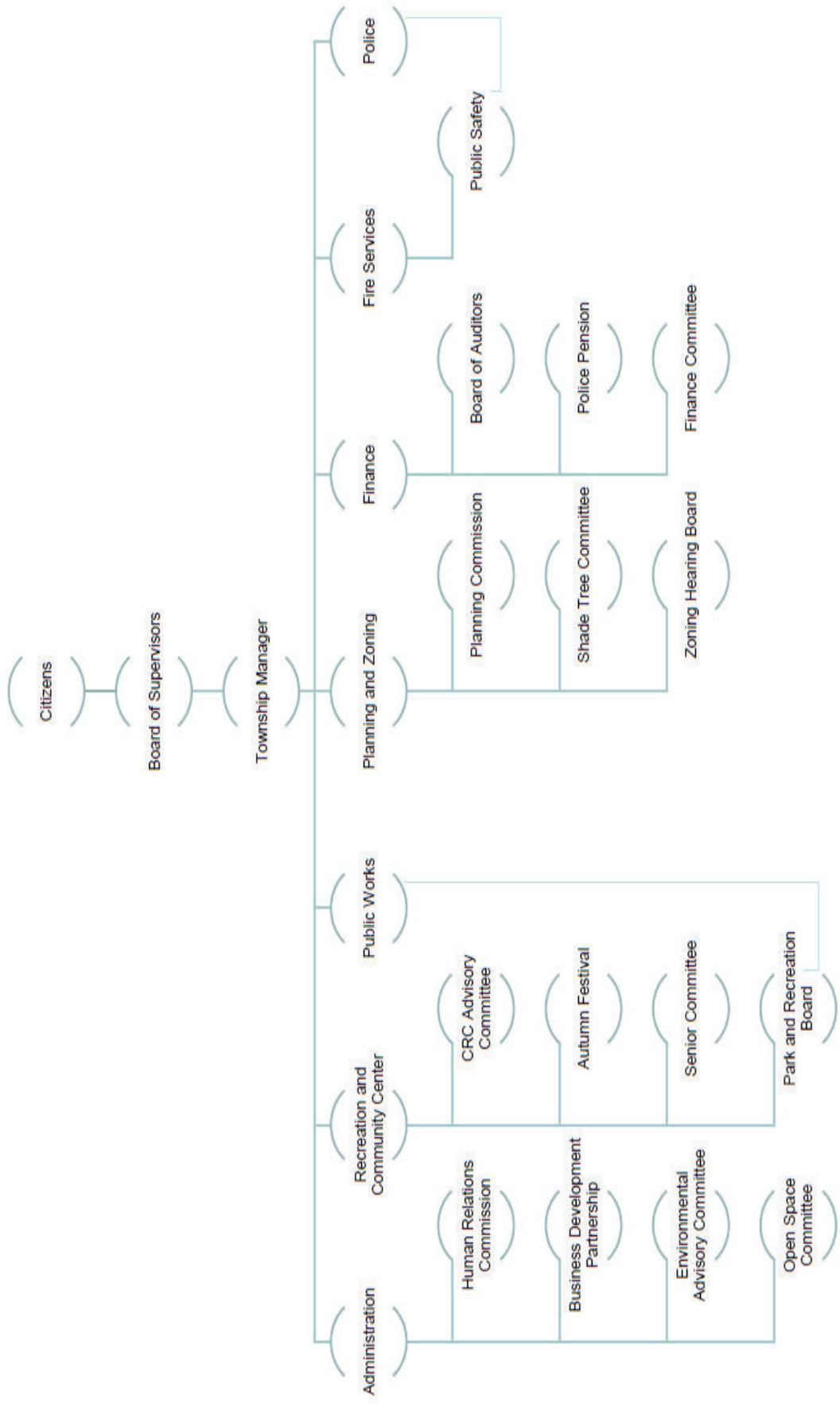
New Business in 2020 (based on Certificate of Occupancy)

- January = 5
- February = 2
- March = 0
- April = 0
- May = 1
- June = 2
- July = 2
- August = 3
- September = 5
- October = 4
- November = 2
- December = 4

We have over 1,400 registered businesses!



MONTGOMERY TOWNSHIP



MISSION STATEMENT

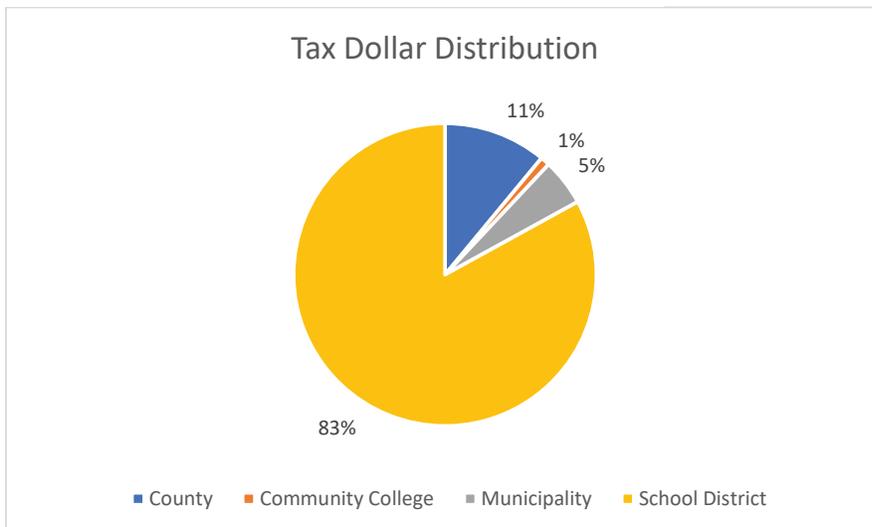


Is to promote and enhance the quality of life of our residents, the vitality of our neighborhoods, and opportunities for business by striving for excellence and value in all services provided by the Township. The needs, interests and desires of the residents, businesses and taxpayers provide the guidance for the Township officials and employees as we create and implement policies and services for the community and its visitors. Vision, sensitivity, and respect are necessary as we balance the many needs of the community groups and provide cost effective, efficient and responsive government. The employees and officials of Montgomery Township are committed to hard work, diligence, and effective ongoing internal and external communications to successfully carry out this mission.

TAX DOLLARS

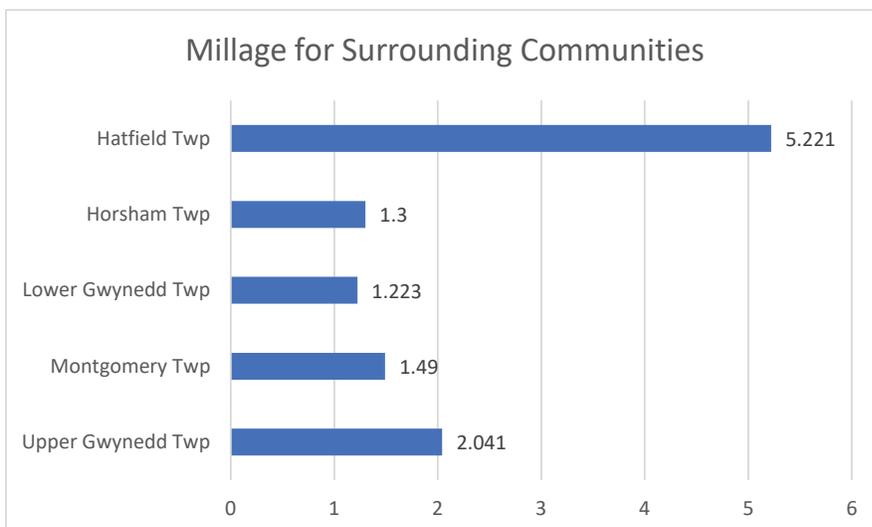
Of the three taxing authorities, Montgomery Township remains the smallest portion of your tax bill and has gone the longest without increasing the total tax rate. Residents of Montgomery Township only pay 4.64% of their property taxes to the Township. The remaining 95.36% is split between Montgomery County and North Penn School District.

Property Information		Single Family Home
Sale Price	\$	576,000.00
Current Assessment		228,780.00
Estimated Taxes		
County		831.00
Community College		89.00
Municipality		341.00
School District		6,125.00
Total	\$	7,386.00



What Is a Millage Rate?

- A millage rate is the tax rate used to calculate local property taxes.
- The millage rate represents the amount per every \$1,000 of a property's assessed value. Assigned millage rates are applied to the total taxable value of the property in order to arrive at the property tax amount.
- Millage gets its name from the Latin word "millesimum," or "mill" for short, which means "thousandth part" (1/1000). The term millage rate is also referred to as the mill rate or the effective property tax rate.

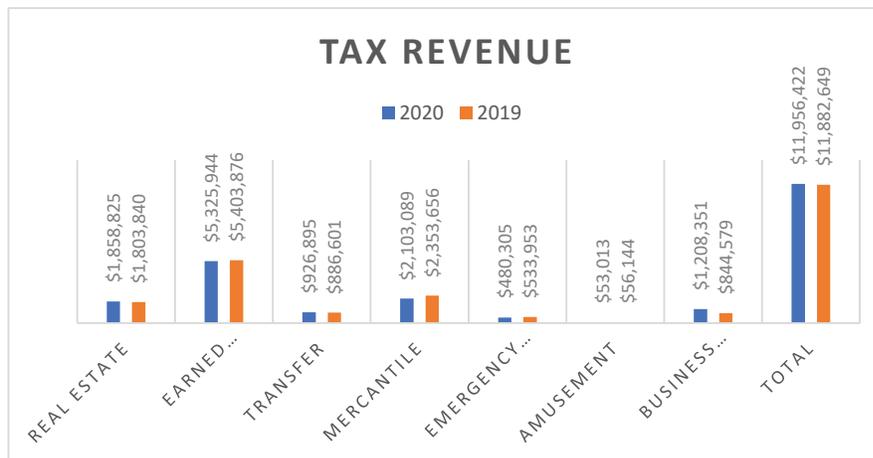


THE GENERAL FUND

*The General Fund is the largest governmental fund and also the most important. This fund is the primary fund that accounts for everyday revenues and expenditures. This includes, but is not limited to, public safety, government administration, street maintenance, snow removal, traffic light maintenance and much more.**

Revenues	Budget		Over (Under)			
			Actual	Budget		
Taxes	\$	11,687,140	\$	11,956,422	\$	269,282
Licenses & Permits		1,367,500		1,432,432		64,932
Intergovernmental		707,790		604,553		(103,237)
Charges for Services		101,900		53,843		(48,057)
Other		10,000		-		(10,000)
Fines etc, Police		175,000		153,322		(21,678)
Interest Income etc.		50,000		100,092		50,092
Contributions		-		20,006		20,006
Total	\$	14,099,330	\$	14,320,670	\$	221,340

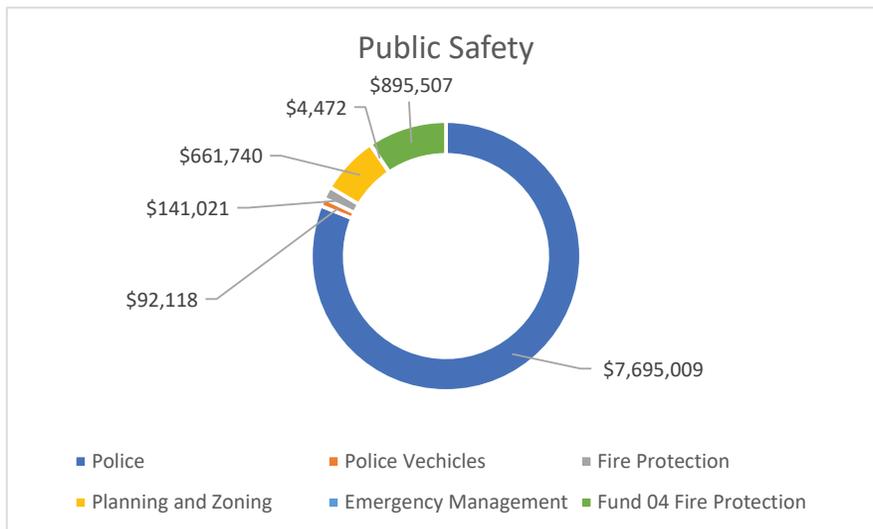
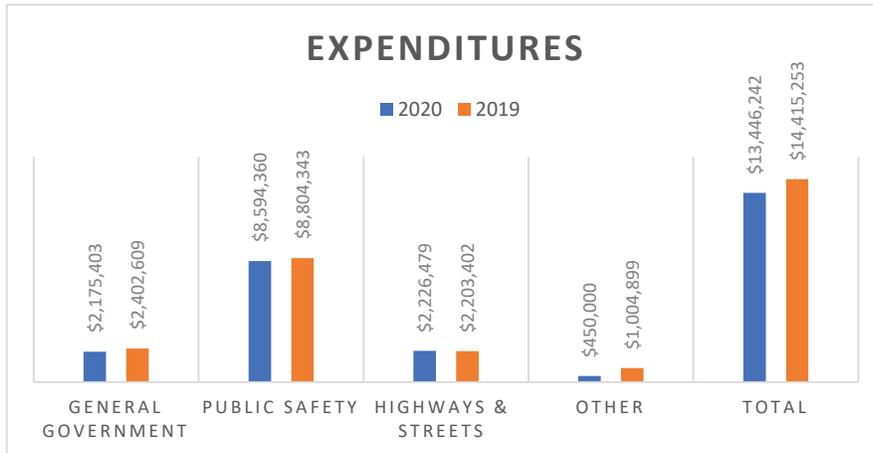
* Please note, that not all government funds are recognized in this report, but are included in the Comprehensive Annual Financial Report.



Earned Income Tax (EIT) continues to be the Township's largest revenue stream, about 39% of total revenues, with a steady growth rate of about 0.52% annually over the last five years. This indicates that Township residents are continuing to earn higher incomes stemming from a stable, growing economy. 2020 saw a decrease in EIT revenue of 1.30%.

- Overall, revenue performance of the General Fund in 2020 was positive when compared to budget.
- Actual revenues, excluding transfers in, were \$14.3 million for 2020.
- While Real Estate Tax, Emergency Municipal Services, Amusement Tax and Business Privilege Tax were slightly below budget, most other revenue categories exceeded budget. Total taxes exceeded budget by \$269K, led primarily by the Mercantile Tax and Earned Income Taxes. Licenses and Permits exceeded budget by \$65K and Interest Income exceeded budget by \$50K.
- Each of these revenue categories, combined with controlled expenditures, contributed to the \$752K surplus (excluding transfers in) in General Fund revenues.
- The net of the revenue surplus and the transfer of surplus to the Capital Fund led to the General Fund ending Fund Balance of \$4.3M for fiscal year 2020.

Expenditures	Budget	Actual	Over (Under) Budget
General Government	\$ 2,339,040	\$ 2,175,403	\$ (163,637)
Public Safety	8,902,690	8,594,360	(308,330)
Highways and Streets	2,428,360	2,226,479	(201,881)
Other	532,000	450,000	(82,000)
Total	\$ 14,202,090	\$ 13,446,242	\$ (755,848)



Public Safety came in \$308,330 under budget in 2020. See pages 14 and 15 for some of the major accomplishments made by the Public Safety sector.

- Actual expenditures, excluding Interfund Transfers, were \$14.1M for 2020.
- While expenditures were lower than 2019 actual expenditures, they were also \$464K less than the 2020 budgeted expenditures.
- This savings was achieved by practicing strict cost containment measures across all departments.
- The two primary departments contributing to the savings were Public Safety expenditures which were below budget by \$308K and Highway and Streets expenditures which were below budget by \$43K. The detail of this can be seen in Comprehensive Annual Financial Report.
- Overall, the Township outperformed the budget, ending the year with a surplus of \$752K.
- As a result, the Board of Supervisors was able to adopt a 2021 Budget with no increase in the Township's Real Estate Tax millage while continuing to adhere to the Board's minimum fund balance policy of 15-20% of General Fund expenditures.
- Like the private sector the management of Montgomery Township was forced to make difficult decisions while navigating the Covid-19 pandemic. These decisions include temporarily closing the Community Recreation Center for the health and wellbeing of the community along with staff furloughs.

BUDGETARY COMPARISON

Sound Financial Management

Montgomery Township maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, with the exception of the pension trust funds, are included in the annual appropriation budget. The annual budget process officially begins in August of each year with the goal-setting conference between staff and the Township Manager. Throughout the course of September and October requests for funding are submitted and reviewed in public workshop meetings with the Board of Supervisors, culminating with a public hearing and vote for adoption by the governing body in December. The Township's fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at year-end.

Although the Township maintains the legal level of control established by law for its operating budget, the Board of Supervisors has also established an internal budgetary control system at the departmental level. Each department is required to operate within the annual departmental budget established by the Board of Supervisors.

Revenues	2020 Budget	2020 Actual	Variance with Final Budget	
			Positive	(Negative)
Taxes	\$ 11,687,140	\$ 11,956,422	\$ 269,282	
Licenses and Permits	1,367,500	1,432,432	64,932	
Fines and Forefits	175,000	153,322	(21,678)	
Interest Earnings	50,000	100,092	50,092	
Intergovernmental revenues	707,790	604,553	(103,237)	
Charges for services	101,900	53,843	(48,057)	
Contributions	-	20,006	20,006	
Totals	\$ 14,089,330	\$ 14,320,670	\$ 231,340	

Expenditures	2020 Budget	2020 Actual	Variance with Final Budget	
			Positive	(Negative)
General Government	\$ 2,339,040	\$ 2,298,260	\$ 40,780	
Public Safety	8,902,690	8,594,360	308,330	
Highway and Streets	2,269,500	2,226,479	43,021	
Totals	\$ 13,511,230	\$ 13,119,099	\$ 392,131	

Excess of Revenues Over Expenditures	\$ 578,100	\$ 1,201,571	\$ 623,471	
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Proceeds from the sale of capital assets	\$ 10,000	\$ -	\$ (10,000)	
Interfund transfers out	(532,000)	(450,000)	82,000	
Total Other Financing Uses	\$ (522,000)	\$ (450,000)	\$ 72,000	

Net Change in Fund Balance	\$ 56,100	\$ 751,571	\$ 695,471	
Fund Balance at Beginning of Year	\$ 3,513,643	\$ 3,513,643	\$ -	
Fund Balance at End of Year	\$ 3,569,743	\$ 4,265,214	\$ 695,471	

CAPITAL INVESTMENT PLAN

Capital Assets are defined as property and equipment owned by Montgomery Township. The Capital Investment Plan (CIP) represents a multi-year schedule of major necessary improvement to the Township's physical property, including equipment and infrastructure. The purpose of the CIP is to proactively project future capital projects.

<u>Description</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Administration	\$ 519,100	\$ 105,000	\$ 375,000	\$ 65,000	\$ 65,000
Police Services	137,100	394,000	395,100	263,500	145,500
Road Projects	924,000	697,500	1,272,500	1,039,500	992,000
Public Works	455,000	771,000	427,500	484,500	246,000
Traffic Lights	400,000	1,960,000	100,000	100,000	100,000
Stormwater	340,000	250,000	250,000	250,000	250,000
Parks and Recreation	170,000	915,000	520,000	20,000	20,000
Community Recreation Center	20,000	327,000	165,000	15,000	240,000
Fire Services	758,500	826,000	60,000	-	-
Totals	\$ 3,723,700	\$ 6,245,500	\$ 3,565,100	\$ 2,237,500	\$ 2,058,500



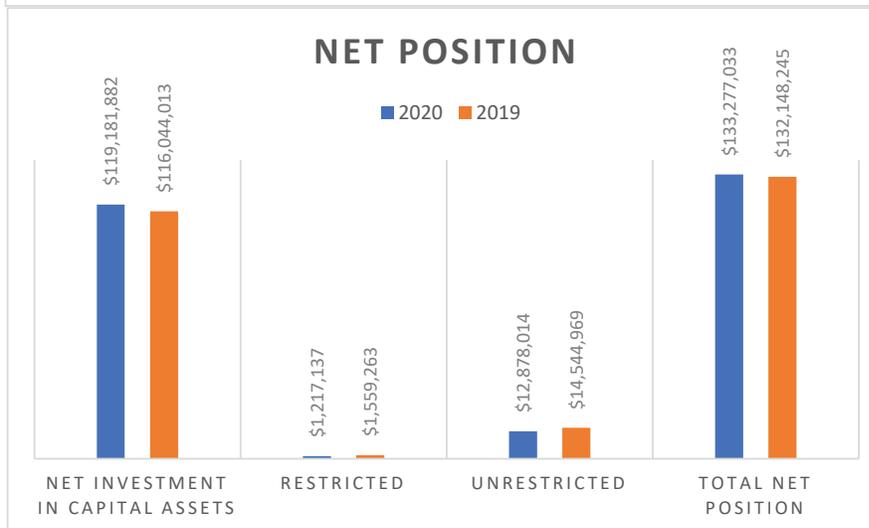
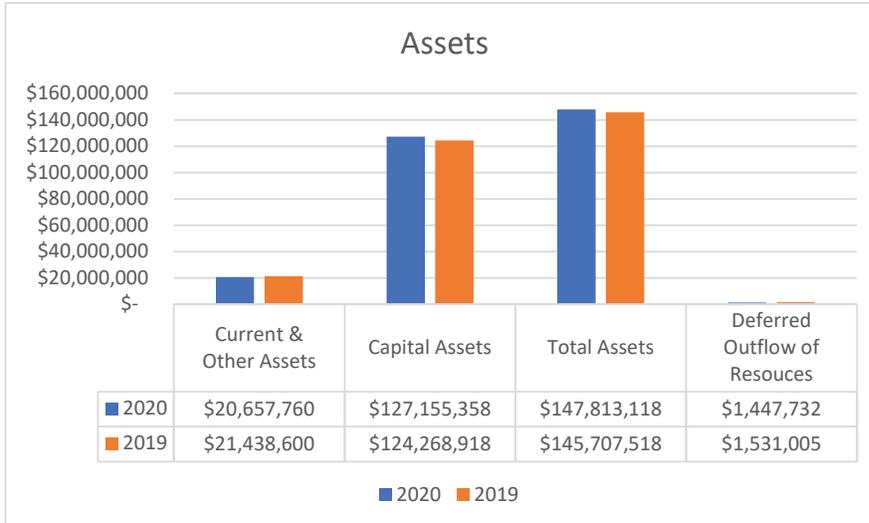
- By looking ahead several years, Montgomery Township can anticipate upcoming capital needs and prioritize them based on available funds. A key feature to having a comprehensive plan is the availability to view projects across all departments to determine how they fit into the Township's long-term goals. It also helps residents and staff understand the impact each project has on the plan. For example, increasing spending for the road improvement project may decrease available funds for improvements to our parks.
- Proactively addressing capital needs can also save the Township money throughout the duration of the plan. By replacing vehicles, we prevent sudden increases in vehicle maintenance and can prevent lost productivity. Purchasing equipment for the Public Works Department to improve paving allows roads to be repaired faster while saving on hours and labor. In addition to financial benefits, capital planning improves quality of service and increases safety for residents. Repairing walking paths in parks increases the safety of the residents who utilize one of the Township's fourteen parks.

2020 Accomplishments

1. 4.30 miles of Township roads were paved
2. A total of 1,237 residential and 134 cobra head street lights were converted to LED fixtures. The new LED bulbs have an approximate life expectancy of 10-15 years, which will cut down on maintenance costs, and their energy efficiency will provide significant cost savings.
3. Ordered the Spartan/Smeal Mid-Mount Tower Ladder for Fire Services. The name of the new truck will be Tower 18.

STATEMENT OF NET POSITION

The Statement of Net Position demonstrates the sound financial outlook for Montgomery Township as of December 31, 2020. The Net Position of the Township was approximately \$133 million dollars.



- The Statement of Net Position presents financial information on all of the Township's capital and current assets, minus the current liabilities and long-term debt. The resulting amount is stated as "net position."
- An asset is a resource with economic value that the Township owns or controls with the expectation that it will provide a future benefit.
- Assets are reported on the Township's balance sheet and are bought or created to increase the Township's value or benefit the Township's operations.
- An asset can be thought of as something that, in the future, can generate cash flow or reduce expenses.
- A liability, generally speaking, is something that is owed to somebody else.
- Current liabilities are the Township's short-term financial obligations that are due within one year or within a normal operating cycle such as accounts payable and taxes owed.
- Long-term (noncurrent) liabilities are obligations listed on the balance sheet not due for more than a year such as bond interest payments.
- A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period.
- A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

POLICE SERVICES

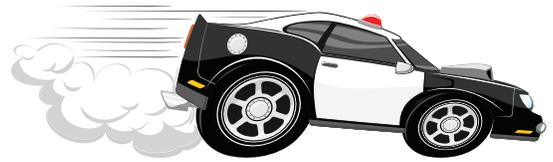


The mission of the Montgomery Township Police Department is to achieve and maintain a highly professional organization that affirmatively promotes, preserves, and delivers a feeling of security, safety, and quality service to members of the residential, commercial, and industrial community.

Community policing might be the new and hip buzz phrase, but Montgomery Township has put its citizens first since the department's inception. Modern policing requires an atmosphere of trust, a willingness to experiment and exchange ideas both within and outside the police infrastructure. Protecting and serving the needs of all members of the community is the foundation of the Montgomery Township Police Department. It is evident in all aspects of the police force.



7,546 Total Traffic Stops



Calls for Service = 28,915



36 Sworn Officers with 5,215 directed patrols



2020 Accomplishments

1. Implementation of Lexipol Policy Management Services with existing standard operating procedures to ensure compliance with current law enforcement standards and best practices.
2. Reaccredited through the Pennsylvania Chiefs of Police Association's Accreditation Commission.
3. Achieved Premier Accredited Agency status.
4. Completed standardized departmental training and additional proactive training initiatives.

DEPARTMENT OF FIRE SERVICES

591 Total Calls for
2020!



- 237 Fire Alarms
- 4 Good Intent Calls
- 37 Building Fires
- 36 Fire Police
- 5 Dumpster Fires
- 19 Vehicle Rescues
- 9 Vehicle Accident S/B
- 13 Vehicle Fires
- 27 Dwelling Fires
- 8 Electrical Fires Outside
- 7 Cover Other Company
- 28 Odor of Gas(Inside)
- 14 Odor of Gas (Outside)
- 28 Carbon Monoxide (CO)
- 24 Assist EMS
- 4 Assist Police
- 43 Investigations
- 2 Haz Mat
- 10 Helicopter Landings
- 11 Other Rescue
- 15 Brush Trash Fires
- 10 Appliances



2020 Accomplishments

1. Tower Ladder Replacement Committee
2. Community Risk Reduction Activities
3. COVID-19 Safety Policies, Procedures, and Departmental Operations



COMMUNITY RECREATION CENTER



#ENGAGEMENTMONTGOMERY

SUMMER CONCERT SERIES!

Montgomery Township is excited to announce that the Summer Concert Series will return this Summer! We have a diverse lineup of musical entertainment sure to offer something for everyone.

There is no fee to attend concerts. Please bring a lawn chair or blanket, as all concerts will be held outdoors this year at the Community & Recreation Center. All concerts are held on Thursday evenings from 7pm-8:15pm.

- July 1 Mike Greer & Co.
- July 8 Beg, Borrow, & Steel
- July 15 Simple Gifts
- July 22 High Noon
- July 29 The Beat Tells
- August 5 Chico's Vibe
- August 12 Zydeco-A-Go-Go
- August 19 Abe Ovadia Jazz
- August 26 By Any Means



WWW.MONTCRC.COM



2020 HIGHLIGHTS

- The Korean War Memorial, American-Korean Alliance Peace Park was dedicated.
- The Community & Recreation Center reopened late June 2020. Fitness equipment was spaced out and enhanced sanitation measures were implemented. A small-scale summer program was held at Spring Valley Park for ages 6-12 and additional youth programs resumed in September 2020.
- While much was on hold, the Planning and Zoning Department continued to accept, and process permit applications so that they were ready to act when business resumed.
- The Montgomery Township Board of Supervisors appointed Berkheimer Innovations (Berkheimer) as the Business Privilege/ Mercantile and Amusement Tax Collector effective January 1, 2021. Previously these taxes were collected by Township Staff. By outsourcing this function, the Township was able to reduce costs and provide increase expertise in this area of tax collection.
- For those who had to work from home, the IT Department set employees up with the hardware and software tools needed for productivity.
- Security upgrades were made throughout the Township building, which provided the additional benefit of reducing touch points for staff by utilizing key fobs to unlock doors.
- Virtual Board of Supervisor Meetings were held throughout the Covid-19 pandemic, and in-person meetings resumed when it was deemed safe to do so.





MESSAGE FROM THE FINANCE DIRECTOR

Dear Montgomery Township Residents and Businesses,

Thank you for reading Montgomery Township's first annual Popular Financial Report (PAFR) for the year ending December 31, 2020. The financial information in this PAFR was derived from the Township's Comprehensive Annual Financial Report. The PAFR provides summarized information about the Township's financial fitness. It is intended to give the readers an overview of revenues and expenditures. After reading the PAFR you should have a much better understanding of where tax dollars are being spent. Secondly, you should feel confident in understanding the Board of Supervisors' overall agenda for the community.

Throughout 2020, municipalities shared the common challenge of operating during the COVID-19 Pandemic. Montgomery Township was no exception. To better serve our residents during this challenging time, staff worked diligently to implement safety measures in the workplace and Township-owned public facilities. While employees worked from home at the beginning of the outbreak, within two months they were able to return to their offices and make themselves available to the public. In the end, the COVID-19 Pandemic was an unforeseen expense to the Township budget. However, with thoughtful planning and fiscal conservative policies Montgomery Township was able to "weather the storm" comfortably.

Our community is a diverse blend of commercial, residential, and industrial properties making the Township tax base robust with favorable future trends. Tax dollars are spent judiciously on a wide range of public services. Our Police Department and Department of Fire Services are a testament to the exacting standards and the high quality of life one expects from living in Montgomery Township. It cannot be overstated that tax millage for the Township is lower than neighboring communities. So, while the news cycles are filled with financial distress, I want to impress upon you that Montgomery Township is financially healthy and emerging out of 2020 with optimism.

As Finance Director I am proud to present the Public Annual Financial Report and the data it holds. I strongly believe in government transparency and encourage the community to also read the Comprehensive Annual Financial Report too. The Comprehensive report was prepared in conformance with the Generally Accepted Accounting Principles (GAAP) and was audited by the firm Mallie, LLP. It is loaded with detailed analysis of the Township's fiscal position, it confirms the current Moody's Bond rating of AAA, the best bond rating available. The Comprehensive Annual Report is available on www.Montgomerytwp.org or via hard copy at the Township building, 1001 Stump Road, Montgomeryville, PA 18936.

Sincerely,
Brian Shapiro

**INTERESTED IN LEARNING MORE?
LOOKING FOR MORE DETAILED
INFORMATION? VISIT: WWW.MONTGOMERYTWP.ORG AND SEARCH FOR
"2020 ANNUAL REPORT"**





MONTGOMERY TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA
1001 Stump Road, Montgomeryville, PA 18936



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- @monttwp on Instagram

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THE KOREAN WAR MEMORIAL, AMERICAN-KOREAN ALLIANCE PEACE PARK

The Korean War Memorial, American-Korean Alliance Peace Park is meant to honor the veterans who have served in Korea while deepening the ties between the Republic of Korea and the United States of America by providing a site for reflection and cultural activities. The memorial is located at Memorial Grove; 1001 Kenas Road, Montgomeryville, Pennsylvania.