



2022

POPULAR ANNUAL FINANCIAL REPORT



MONTGOMERY TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

Table of Contents

Page	Topic	Page	Topic
2	Welcome Message from Township Manager	12	Public Works - Tax Dollars At Work
3	Our Community	13	Budgetary Comparison
4	Real Estate Tax 101	14	Capital Assets
6	The General Fund	15	2022 Awards & Highlights
10	Public Safety - Tax Dollars At Work	17	Statement of Net Position
11	Fire Services - Tax Dollars At Work	18	Glossary

Welcome!

A Message from Our Township ManagerFor the Residents and Business Owners of Montgomery Township

July 1, 2023

On behalf of the Board of Supervisors, I am pleased to present Montgomery Township's third Popular Annual Financial Report (PAFR) for the year ending December 31, 2022.

The purpose of this report is to provide financial information and insights into the Township's operations in a format that is more accessible to the reader. The 2022 report provides an overview of the Township's services, highlights of the year, and other facts concerning various departments that comprise the Montgomery Township team. One of the primary goals of creating this report is to provide information in a manner that ensures greater transparency. Another is to support our continuing efforts to promote community engagement. I believe taking the time to read this report is worthwhile, as local government and its operations should reflect the values and priorities of the community it serves.

The statistical and financial data highlighted in this report were taken from the Township's Annual Comprehensive Financial Report (ACFR) for 2022. This very detailed document is available to the public online at www.montgomerytwp.org/finance or can be requested directly from the Finance Department by calling 215-393-6900.

In closing, I am proud to announce Montgomery Township has received the Popular Annual Financial Reporting Award from the Government Finance Officers Association (GFOA) for the fiscal year ending December 31, 2021. This was our second submission to the program and this award is very meaningful to all of us because it comes from this premier organization which holds the highest standards for excellence.

The preparation of this report would not be possible without the Finance Department, its Director, Brian Shapiro, and the continuing support of other Township staff, particularly our Department Heads.

#WeAreMontgomeryTwp

Sincerely,
Carolyn McCreary, ICMA-CM
Township Manager



In 2021 S&P Global Ratings assigned its 'AAA' rating and stable outlook to Montgomery Township's \$15 million proposed borrowing. These funds will be used to complete the projects and expenditures outlined for the next five years in the Township's Capital Investment Plan, which can be found at the Township's website.

Their rating of the Township reflects their view of:

- A very strong economy
- Strong management with good financial policies and practices
- Strong budgetary performance
- Very strong budgetary flexibility with an available fund balance in fiscal 2020 of 32% of operating expenditures
- Strong institutional framework

"In our opinion, the township's proactive management team will make the necessary adjustments to ensure Montgomery Township's finances remain structurally stable despite the additional debt and other growing costs." – S&P Global

Our Community

Montgomery Township is a municipality situated at the edge of Montgomery County, amongst a group of surrounding suburban municipalities in Montgomery and Bucks Counties. The Township is governed by a 5-member Board of Supervisors and supported by nearly 100 full-time staff members. In addition to our Board and staff members, the Township has over 130 community volunteers who serve on 16 different boards and commissions.

The Township is **10.82 square miles**, has a population of **over 26,000 residents**, and **over 1,400 thriving businesses!**

Mission Statement:

The mission of Montgomery Township's government 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 guide 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.

Board of Supervisors



- The Board of Supervisors is a five-member Board serving 6-year terms.
- They meet on the 2nd and the 4th Monday of the month.
- Learn all about the Board of Supervisors on the Township's Website at www.montgomerytwp.org/BOS

Left to right:

- Audrey R. Ware
- Chairwoman Candyce Fleuhr Chimera
- Tanya C. Bamford
- Beth A. Staab
- Vice-Chairwoman Annette M. Long

Largest Employers in Montgomery Township for 2022:



Tax Dollars

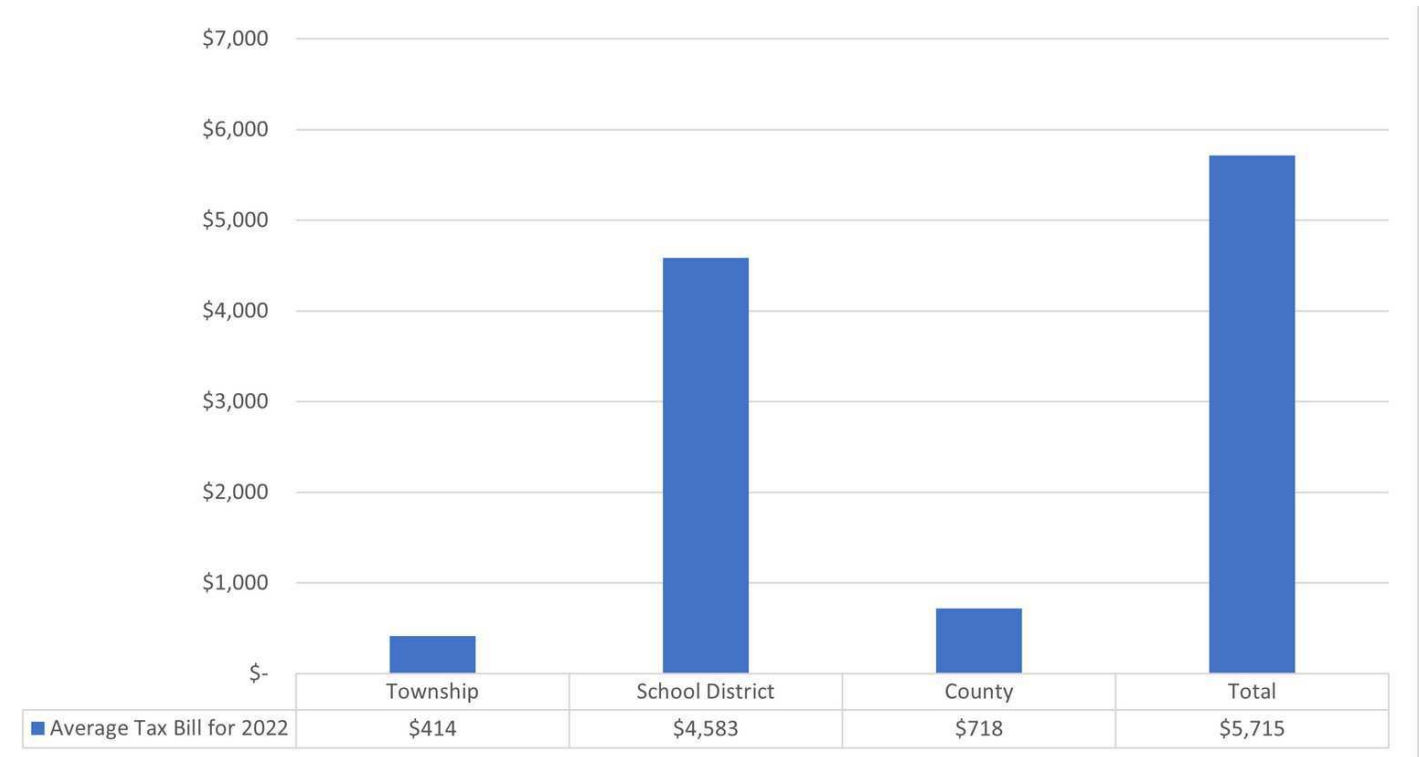


The Real Estate Tax Collector is independently elected and is responsible for collecting the Township's real estate tax and special assessments (where applicable).

Real Estate Taxes 101

- Property taxes are calculated based on millage rates. One mill equals .01% of the assessed value of a property and its improvements.
- For the calendar year, 2022 Montgomery Township levied 2.49 mills on real estate.
- The average Township Tax bill was \$414.42.
- Tax revenues are designated for the following funds: General, Fire Protection, Parks and Recreation, and Debt Service.
- There are 9,722 residential parcels in Montgomery Township with an average assessed value of \$164,419.23.

Average Tax Bill for 2022



Tax Dollar Allocations

General Fund (01)

46%
\$190 approx.

Fire Fund (04)

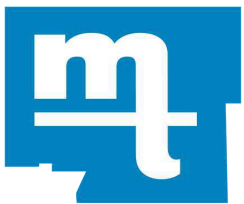
22%
\$93 approx.

Park Fund (05)

11%
\$45 approx.

Debt Fund (23)

21%
\$87 approx.



Please note that not all government funds (i.e. minor funds) are recognized in this report, but are included in the Annual Comprehensive Financial Report, which is available at www.montgomerytwp.org/finance.



Scan for the
2022 Annual Comprehensive Financial
Report

General Fund

The General Fund is not only the largest but is also the primary operating fund for Montgomery Township. This includes but is not limited to, Public Safety, Administration, street maintenance, traffic signals, snow removal, and more.

2022 Highlights

The 2022 Final General Fund Expenditure Budget, including transfers, was \$13,932,500, which was \$242,500 higher than budgeted Revenues of \$13,690,000

Revenues

- Actual revenues, excluding transfers in, were \$17,244,083 for 2022.

Revenue Details

- Actual revenues exceeded budgeted estimates by \$3,554,083.
- Taxes exceeded budgeted estimates by \$3,266,491.
- Earned Income, Real Estate Transfer, and Mercantile Taxes exceeded budgeted estimates by \$2,952,605.
- Licenses and Permits exceeded budgeted estimates by \$147,277.
- Intergovernmental Revenues exceeded budgeted estimates by \$36,619, due to the overage of County revenues of \$84,124.

Analysis

- An increase in Real Estate Transfer tax is a result of a booming housing market.
- 2022 saw an increase in Mercantile and Business Privilege Taxes due to businesses underestimating their 2021 gross receipts.
- With residents still working from home, 2022 saw an increase in Earned Income Tax.

Expenditures

- Actual expenditures, excluding Interfund Transfers, were \$13,648,992 for 2022.

Expenditure Details

- Total expenditures resulted in actual expenses being over budget by \$239,492
- General Government was \$295,681 under budget.
- Administration expenditures were \$313,962 under budget.
- Police expenditures were over budget by \$269,265 due to increased fuel and Information Technology service costs.

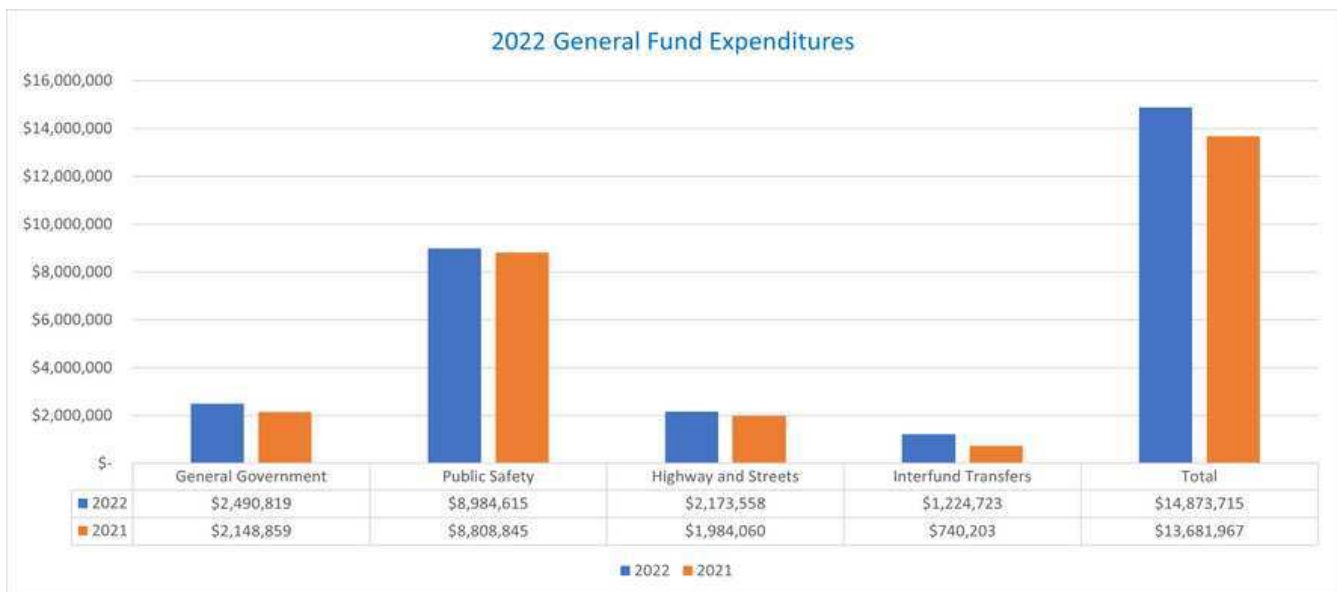
Transfers Out

- Actual transfers out amounted to \$1,230,723.
- The transfers out exceeded budgeted estimates by \$707,723.

2022 Year-End Results

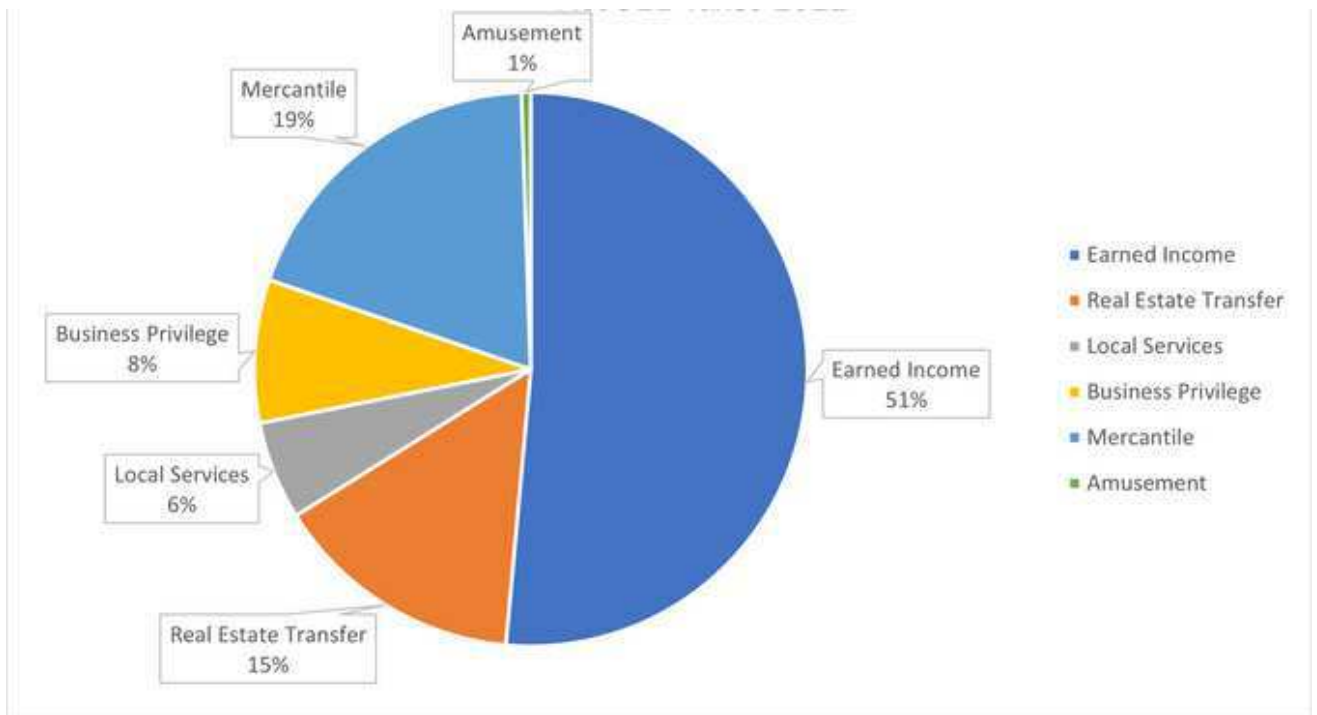
General Funds ending Fund balance of \$7.13M for the fiscal year 2022. This adheres to the Board's policy of retaining a minimum General Fund balance of 15-20% of General Fund expenses.

2022 fiscal year reconciled with a surplus of \$2.37M.



For more information regarding the Statement of Revenues, Expenditures, and Changes in Fund Balances, please see page 36 of the Annual Comprehensive Financial Report.

Act 511 Taxes 2022



Earned Income Tax (EIT) continues to be the largest revenue source in Montgomery Township. This indicates that the township's residents continue to earn higher wages.



Residents receive a wide variety of township services for the taxes they pay. The majority of these services funded by these tax dollars are allocated to the general fund.

The cost of services in 2022 for a residential property with an average assessed value of \$164,419.23 was \$189.73 a year.

Breakout costs estimates are as follows:

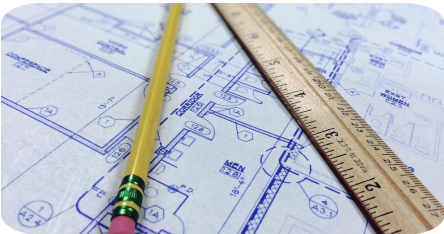
Police
\$31.94



Public Works
\$30.21



Code Enforcement
\$10.22



Tax Collection
\$2.68



General Government
\$31.94



Includes Administrative,
Finance, Information
Technology, EMS, and Fire*

*Although Fire is included in this assessment, it should be noted that the allocation is minimal and dedicated to the funding of the Fire Responder recruitment and retention program. Fund 04 was established as the primary account for paid fire services.



SPEED TRAILER

What Does It Do:

- ✓ Displays Real-time Speeds
- ✓ Collects Speed Data
- ✓ Displays Messages
- ✓ Red and Blue Strobe Bar
- ✓ Influences Driving Behaviors

Why Is It Beneficial:

Helps reduce speeding, shares messages with the public, aids in redirecting traffic, and collects traffic data that can help identify the most dangerous traffic times when more enforcement is needed.

TAX DOLLARS AT WORK

PUBLIC SAFETY

- 60% OF GENERAL FUND
- \$115 OF AVERAGE TAX BILL



FIRE *Services*



24 HOURS A DAY 365 DAYS A YEAR

**\$93 OF THE AVG TAX BILL
FOR FIRE (FUND 04)**

7 Mins & 47 Seconds

In 2022 it took only 7 minutes and 47 seconds for firefighting and life saving apparatus to reach an emergency.

Residential & Commercial Services

- Fire Prevention
- Life Safety Inspections
- Plan Review
- Escape Planning
- Public Education
- Smoke Detector Installs

Fun Facts

- Its costs over \$20,000 to outfit a career firefighter in Montgomery Township.
- Firefighter gear weighs on average 75 pounds. When the gear is wet is weighs over 100 pounds!



TAX DOLLARS AT WORK



Public Works Department

Tax Dollars At Work

2022 QUANTIFIED SUCCESS

- ✓ 668 Work Orders Processed
- ✓ 3,100 PA 1 Calls Answered
- ✓ 51 Signalized Intersections Maintained
- ✓ 15 Parks and 64 Basins Maintained
- ✓ 8 Township Owned Facilities Maintained



PARK IMPROVEMENTS ONGOING AND UPCOMING



**BOCCE BALL
COURTS**

Now open at:

- Montgomery Township Community & Recreation Center
- Friendship Park



**FELLOWSHIP PARK
PLAYGROUND**

Newly renovated playground equipment designed for inclusive play coming soon



**WHISTLESTOP
PARK**

Upcoming improvements include:

- Renovated walkways and softball field
- Internal loop trail
- Pickleball courts
- Stormwater management measures
- New play equipment with safety surfacing
- and more



**NEW BARK
PARK**

A new dog park will be constructed at Route 202 and Knapp Road.

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, except for 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 September and October requests for funding are submitted and reviewed in the 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 fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at the 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.

Budgetary Comparison Schedule General Fund Year Ended December 31, 2022 (Page 75 of ACFR)

Revenues	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Taxes	11,715,000	14,981,491	3,266,491
Licenses and Permits	1,155,000	1,302,277	147,277
Fines and Forfeits, Police	125,000	141,631	16,631
Interest Income, Rents and Royalties	25,000	55,834	30,834
Intergovernmental Revenue	610,000	646,619	36,619
Charges for Services	60,000	42,878	-17,122
Contributions	0	821	821
Miscellaneous	0	72,532	72,532
Total Revenues	13,690,000	17,244,083	3,554,083
Other Financing Sources	0	6,000	6,000
Total Revenues and Other Financing Sources	13,690,000	17,250,083	3,560,083

Expenditures	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
General Government	2,786,500.00	2,490,819.00	-295,681.00
Public Safety	8,672,500.00	8,984,615.00	312,115.00
Highways and Streets	1,950,500.00	2,173,558.00	223,058.00
Total Expenditures	13,409,500.00	13,648,992.00	239,492.00
Other Financing Uses	523,000.00	1,230,723.00	707,723.00
Total Expenditures and Other Financing Uses	13,932,500.00	14,879,715.00	947,215.00
Net Change in Fund Balance	-242,500.00	2,370,368.00	2,612,868.00
Fund Balance at Beginning of Year	4,762,555.00	4,762,555.00	
Fund Balance at End of Year	4,520,055.00	7,132,923.00	

Capital Assets

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 improvements to the Township's physical property, including equipment and infrastructure. The purpose of a CIP is to identify capital needs, funding options, and operating budget impacts. A capital plan is essential to the future financial health of Montgomery Township.

Expenditures for the Capital Reserve Fund for 2022 were \$2.3M for budgeted capital construction projects and capital equipment purchases. Revenues for this fund were \$210K, inter-fund transfers of \$482K, and loan proceeds of \$15M. The fund balance in this fund is comprised of assigned and committed funds totaling \$22.2M.

Montgomery Township's investment in capital assets for its Governmental Activities as of December 31, 2022, totaled \$119,375,518 (net of accumulated depreciation), an increase of \$2,176,431 from 2020. This increase was the result of new Capital Assets, comprised mostly of infrastructure projects in 2021.

Capital Investment Plan

Montgomery Township

Capital Improvements

Description	2022	2023	2024	2025	2026
Administration/Finance	\$ 258,459	\$ 145,000	\$ -	\$ -	\$ -
Buildings and Grounds	6,241,202	774,500	50,000	50,000	50,000
Information Technology	132,534	141,000	15,000	15,000	15,000
Police Services	237,974	263,000	431,000	597,000	222,500
Road Paving Projects	884,138	1,667,637	833,000	1,062,000	1,030,000
Curb and Sidewalks	180,614	99,000	-	-	-
PW Vehicle Replacement	257,461	1,582,500	-	221,000	106,500
PW Equipment Replacement	274,288	279,000	150,000	25,000	25,000
P&R Equipment Replacement	30,000	-	-	-	-
Traffic Lights/Signals	200,289	1,535,000	645,000	-	-
Traffic Intersections	1,264,206	-	200,000	200,000	200,000
Traffic Crosswalks	-	481,000	-	-	-
Stormwater	362,374	445,000	571,200	500,000	500,000
Engineering	336,438	813,566	88,258	156,137	152,946
Parks and Recreation	710,379	1,789,000	2,006,000	26,000	26,000
Community Recreation Center	-	225,500	40,000	210,000	25,000
Fire Services	1,751,236	291,000	555,853	565,000	116,000
Total Capital Improvements:	\$ 13,121,592	\$ 10,531,703	\$ 5,585,311	\$ 3,627,137	\$ 2,468,946

2022 Awards



Montgomery Township Receives Statewide Citizen Communication Award

Montgomery Township won a statewide award for our commitment to communication, engagement, and transparency.

Our efforts to keep our residents informed about the community have earned us first place in the social media category of the PA State Association of Township Supervisors Citizen Communication Contest. This award is for communications throughout 2022.

The contest attracted entries from across the commonwealth in eight categories, and we are proud to be recognized among the 16 townships that won awards.

Thank you to the Pennsylvania State Association of Township Supervisors for recognizing our efforts, and thank you to our amazing residents for your continued support and engagement!

Montgomery Township Named Tree City USA and Growth Award Recipient

Montgomery Township was named an Arbor Day Foundation 2022 Tree City USA and Growth Award recipient. This is the 26th year that the Township has been a Tree City USA recipient and the 22nd year that the Township has been awarded the Growth Award. During this year's Roy Rodriguez Arbor Day Tree Giveaway, the Shade Tree Commission distributed 250 trees to residents of Montgomery Township.



Montgomery Township Police Department Renews Accreditation and Premier Agency Status

The Montgomery Township Police Department recently received the Certificate of Law Enforcement Accreditation from the Pennsylvania Chiefs of Police Association, a notable achievement that recognizes its commitment to providing quality law enforcement services to the community.

The department first became accredited in 2004, making them the eighteenth police department in Pennsylvania to do so, and has successfully undergone reaccreditation processes in 2007, 2011, 2014, 2017, and most recently in 2023.

In addition, they were recognized as a Premier Agency by the Commission, a designation given to agencies that exhibit the highest standards of excellence in law enforcement. This accreditation is a testament to the department's unwavering dedication to maintaining the highest standards in all aspects of policing, including community engagement, professionalism, and accountability.



2022 Highlights

Community Events

- The Community & Recreation Center saw a steady increase in programming and attendance.
- The Police and Fire Departments hosted several community events and initiatives, including but not limited to:
 - National Night Out
 - Food Drives
 - Fundraisers for Charitable Organizations
 - Emergency Services Night
 - Citizens Police Academy
 - Jr. Police Academy
 - Jr. Firefighter Camp
 - Coffee with a Cop Events
- The Shade Tree Commission held its Annual Arbor Day Tree Giveaway, and the Environmental Advisory Committee held its annual Electronics Recycling Event in April.
- The Summer Concert Series returned to the Community & Recreation Center, and they were well attended by the community.
- During 2022, Montgomery Township hosted blood drives with the American Red Cross, resulting in 263 units of blood donated during these drives throughout the year.
- The 20th Annual Montgomery Township Autumn Festival was held on October 15, 2022. This was the first time our largest community event was held since the COVID-19 pandemic, and the community showed up in full force.
- The Kids University Summer Camp provided a safe and engaging program for 160 children on a daily basis for 8 weeks.

Initiatives

- The Board of Supervisors adopted a Resolution recognizing February as Black History Month in Montgomery Township.
- The Board of Supervisors adopted a Resolution recognizing March as Womens History Month in Montgomery Township.
- The Board of Supervisors adopted a Resolution encouraging the reduction of single-use plastics.
- Four new LED outdoor digital signs have been installed at the Township Administration Building, Community & Recreation Center, Fire Battalion 1, and Fire Battalion 2. These signs play a major role in public information, community engagement, and emergency notifications for drivers in Montgomery Township.
- Two new police canines, Canine Dante and Canine Riggs, were welcomed to the Montgomery Township Police Department.
- Ordinances establishing guidelines for mobile food vendors and outdoor dining were adopted.
- An Ordinance allowing and setting guidelines for the keeping of backyard chickens was adopted.
- The Fire Department of Montgomery Township introduced their newest emergency vehicle, the Tower 18, a Spartan Smeal 100-foot Mid-Mount Tower Ladder.
- The Public Information Office began the process of redesigning and reorganizing the Montgomery Township website, MontgomeryTwp.org.

Statement of Net Position

The Statement of Net Position demonstrates a sound financial outlook for Montgomery Township as of December 31, 2022. The Net Position of the Governmental Activities, Business-Type Activities, and Component Units was approximately \$211 million.





Glossary

The 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.

The deferred outflow of resources is the consumption of net assets by the government that applies to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the government that applies to a future reporting period.

Liability 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 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.

The 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 to arrive at the property tax amount. Millage gets its name from the Latin word "millesimal," 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.

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."

"A perfect republic can materialize only in a small jurisdiction such as a township. (They) have proved themselves the wisest invention ever devised by the wit of men for the perfect exercise of self-government and for its preservation."

Thomas Jefferson, 1816

MONTGOMERY TOWNSHIP COMMUNITY COMMITMENTS

SAFETY



Montgomery Township has dedicated significant resources and financial support to initiatives that continue to ensure the safety of the community. The most recognizable investments have been made in Police and Fire services. The Township is fortunate to have 24/7 emergency coverage 365 days a year provided by dedicated and accomplished professionals as well as volunteers. Montgomery Township is committed to prioritizing community safety prominently in all its operating and capital spending.

TRANSPARENCY



Montgomery Township remains committed to transparency. First, the creation of a dedicated role, the Public Information Coordinator to efficiently communicate information to the public was created. Secondly, The Township has bolstered its social media presence. Equally important was the community outreach to increase membership in committees and boards. For example, the Senior Committee has had a renaissance with new members and increased meeting attendance. Finally, the commitment to continued efforts to be transparent with financial documents.

ECONOMIC DEVELOPMENT



Montgomery Township is committed to supporting interests of small businesses to large corporations who want to invest in the Township. The Township prides itself on the diversity of its business community and welcomes professionals, manufacturers, retailers, and other entrepreneurs to the community. The Board of Supervisors recognizes the importance of the business community and the services that they provide our residents and visitors.

SUSTAINABILITY



Montgomery Township is committed to preserving and protecting the natural beauty of the community as well as implementing green initiatives. This is most evident by the multi-million-dollar investment scheduled to improve our stormwater system over the next five years. Also, the Board of Supervisors adopted the Ready For 100 renewable energy resolution in 2021. Ready for 100 is a national movement that Montgomery Township has joined intending to work toward 100% clean renewable energy for all.

SERVICE EXCELLENCE



Montgomery Township is committed to Service Excellence! Service excellence is represented by our treatment of Township residents and business owners combined with outstanding service quality. This commitment is more than a pledge to generic customer service. This is a commitment to understanding our community's needs, investing in technology, creating a culture of high performance, and always looking for ways to improve services for internal and external customers.



MontgomeryTwp.org
(MontTwp.org)

