

**Finance Committee Meeting Minutes  
Montgomery Township  
Thursday, April 26, 2012**

The Finance Committee meeting of April 26, 2012 was called to order by Vice-Chairman John Dale at 7:35 pm.

Present at the meeting were:

Committee Members: Jim Kelly, Joe Kobulsky, Allan Nappen and John Dale  
Finance Director: Shannon Q. Drosnock  
Accounting Supervisor: Victoria M. Zidek

On a motion by Mr. Kelly, seconded by Mr. Kobulsky, the Minutes of the March 29, 2012 meeting were approved.

Ms. Drosnock reviewed for the committee members the information from the various financial reports prepared for the Committee and the Board of Supervisors as of March 31, 2012. Listed below is the information from those reports:

General Fund 01 – Fund Balance

During the 1<sup>st</sup> Quarter of 2012, the Township received \$4.337M or 37.8% of 2012 General Fund Budgeted Revenues, which was 8.6% higher than the \$3.994M in Revenues received during the 1<sup>st</sup> Quarter 2011. General Fund Expenditures during the 1<sup>st</sup> Quarter 2012 were \$1.849M which amount was 7% lower than the \$1.985M in Expenditures during the 1<sup>st</sup> Quarter 2011. The majority of this difference is related to an accrual for a street sweeper budgeted in 2011 which has been encumbered but not yet paid. Excluding this accrual, year to date expenses for 2012 are 1% higher than same period prior year and are projected to be 1% below budget for year end

At the end of the 1<sup>st</sup> Quarter 2012 the General Fund Balance was \$5.056M, an increase of 16.7% above the 1<sup>st</sup> Quarter 2011 fund balance of \$4.335M. The various Revenue and Expenditure details are discussed in more detail below.

General Fund Revenues

- Tax Revenues – These revenues represent 89% of all General Fund revenues.
  - Real Estate Tax revenues for March are down 7.3% (\$11.1K) as compared to same period prior year. However, data indicates that this is related to the timing of some receipts. The end of April will be a more telling indicator of the revenues for the year.
  - Earned Income Tax (EIT) revenues for March are up 1% (\$9.6K) from same period prior year. It was anticipated that funds would be received earlier upon the full implementation of ACT 32. April and May are two of the largest receipt months for EIT and will provide a clearer indication of the revenue to be expected for the 2012 fiscal year.

- Mercantile Tax revenues are up 3.7% (\$63.6K) and Business Privilege revenues are up 2.9% (\$19.5K) from March 2011. The due date for these taxes was March 15<sup>th</sup>. Over 90% of the anticipated taxes have been received and revenues are currently 6% ahead of budget.
- LST revenues are up 153.5% from March 2011; however this was expected because of the changes in collection procedures going from the \$10 OPT tax to the \$52 LST tax. The second quarter of 2012 will have more accurate comparative data because both the 2<sup>nd</sup> quarter of 2011 and the 2<sup>nd</sup> quarter of 2012 will reflect the \$52 tax. Taxes receipts are on budget for this year to date.
- Permits and License Fees – This collective group of revenues is reporting 45.4% (\$129.2K) above the prior year. New construction permits are down as a result of the Ryan Homes townhouse complex nearing the final phase. However there has been a high number of other permits (roof, electric, plumbing, etc.) issued within the Township. As a result, overall permit revenues are ahead of prior year and are approximately 7% ahead of budget.
- Other Revenue Sources includes fines, interest, grants, etc. These revenues are 28.9% (\$22.7K) below prior year revenues for March; however they are just 1.5% below anticipated budget for this period of time. The major components of this decrease are Fines and Department Services handled through the Police Department.

### General Fund Expenditures

Overall expenditures for March are 6.8% (\$135K) below March of 2011. This includes an adjustment for a street sweeper encumbered in 2011. Exclusive of this adjustment, expenses are 1% (\$15.9K) above prior year partially related to increased Police Department expenses as a result of the Collective Bargaining Agreement (CBA) in affect this year.

Included in the Police Department CBA was a one-time incentive bonus offered to officer's who permanently changed their health insurance plan to the Township's HMO plan. The Board also offered this incentive to non-uniform employees. This one-time payout occurred in January and was not accounted for in the 2012 budget but will be offset by reduced health insurance premiums for 2012.

In other business, Ms. Drosnock reviewed with the committee proposals from vendors offering investment management solutions. The vendors offering proposals were: Univest, TD Wealth, PLGIT (Pennsylvania Local Government Investment Trust) and Fulton Financial. The committee had a number of questions that they would like answers to before making a recommendation to the Board of Supervisors. The questions are listed below:

1. Does the Township want someone to manage the funds or do we want a guaranteed investment? Is the reward worth the risk?
2. For Univest – What happens if the Township liquidates the funds earlier than the paper matures? Are there any fees? What are the risks?

3. For all vendors – What other local governments have they done this for? What has the past year shown for them? How much variation can we expect in our net asset value?
4. The committee would like references from all vendors and would also like to know what returns they've received in the past few years.

The committee views all of the options provided by the vendors are better than what the Township has been doing with CD's in the past year. Doing something more proactive is the direction the committee would recommend going. Ms. Drosnock will be providing answers to the committee in a couple of weeks which will allow the committee to make a recommendation to the Board on what to do with the funds once the CD's have expired.

Also in other business, the June meeting will be changed from June 28<sup>th</sup> to June 14<sup>th</sup> due to a conflict.

The next meeting will be held on May 24<sup>th</sup>.

There being no further business, the meeting adjourned at 8:35 pm.

Respectfully Submitted

Victoria M. Zidek  
Accounting Supervisor