

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, September 27, 2012**

The Finance Committee meeting of September 27, 2012 was called to order by Chairman John Holsinger at 7:15 pm.

Present at the meeting were:

Committee Members: John Holsinger, Jim Kelly, Joe Kobulsky, and Anthony Diasio
Township Manager: Lawrence J. Gregan
Finance Director: Shannon Q. Drosnock
Accounting Supervisor: Victoria Zidek

Due to time constraints, the Minutes of the July 26, 2012 meeting were not approved.

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

- Tax Revenue Collections
 - Real Estate Tax collections are down .4%, or \$5.8K, as compared to same period prior year. Taxpayers now fall within the “penalty” period and are assessed a 10% penalty on their bills. All tax bills must be paid by December 31, 2012 or are turned over to the County for property liens.
 - Earned Income Tax collections are up 6.5%, or \$175K, as compared to same period prior year. Earned Income Tax receipts are trending higher than 2011. Two possible factors for this are the full implementation of Act 32 (County Wide Collection) and/or an upward trend in residential Township incomes as the local economy begins to show signs of recovery.
 - Real Estate Transfer Tax Revenues are down 14.7%, or \$64.8K, from same period 2011. Tax receipts reported in August represent real estate transactions that took place in July 2012. Receipts have been slow this year and staff will continue to monitor these receipts against budget through the second half of the year. The 2013 budget will take into account the current year actual receipts.
 - Mercantile Tax revenue collections are down 4.6%, or \$92K, as compared to same period prior year. During this period in 2011, the Township received 3 years of tax returns from past-due customers totaling over \$100K. Excluding this one-time adjustment last year, receipts are slightly ahead of 2012 and are tracking 6% above budget.
 - Local Services Tax revenue collections are below budget by 2.79% or \$15K. It is anticipated that receipts will end the year within 2% of budget.
 - Amusement tax receipts are up 9.3% (\$4.3K) as compared to same period prior year and are 5% above budget.

- Business Privilege Tax (BPT) receipts are up 11.7%, or \$85.3K, as compared to same period prior year. During the prior year there was a refund of \$74K. Absent this refund, the BPT collections would be approximately \$10K above prior year. Receipts are 13% above budget.
- Overall tax revenues are up 2.8% or \$217K as compared to same period prior year. The largest component of this increase is the Earned Income Tax receipts.
- Other Revenue Sources
 - Building Permit revenues are up a significant 38.5%, or \$169.4K, compared to same period 2011 and approximately 35% above budget. This strong trend has been seen each month of the year to date.
 - Cable TV Franchise Fees are up 5.5%, or \$19.5K, as compared to prior year, contributing to the overall Permits and License Revenues increase of 23.9%, or \$204.2K, from same period 2011.
 - Overall Revenues are up 5.1%, or \$441.8K, compared to August 2011. The largest components of this are Business Privilege/Mercantile Tax receipts and Building permits indicating that the diversification of the Township's revenues is being maintained.
- Expenditures
 - Overall year to date expenditures are up 7.8% (\$456K) compared to August 2011. Overall expenditures at the end of August, when adjusted up to include the 2011 year end payroll accruals are at 63.6% of budget compared to an expected expenditure rate of 66.6%. Expenditures are expected to end the year within budget.
- General Fund Balance
 - The balance in the General Fund as of the end of August 2012 is approximately \$5.2M as compared to \$5.0M at the end of August 2011. The fund balance continues to be strong as a direct result of conservative management and a well-diversified revenue base. As a result, our current projection is that the General Fund balance at the end of 2012 will grow from our original budget of \$2.8M to approximately \$3.5M. Note that the year end fund balance projection for 2012 is based on actual revenues and expenditures as of August 2012 with the projected revenues and expenditures for September through December. The projected revenues/expenditures are based on the monthly revenue and expenditures percentages from 2011 applied to the 2012 Budget.

In other business, the Committee met with and was given a presentation by representatives from RBC Capital Markets, Jim Gray and Brian Bradley, regarding financing options for the proposed Recreation Community Center. First, Mr. Gegan gave the Committee a brief overview of how much and why the Board would like to do the financing in lieu of using cash on hand. After this overview, Mr. Gray and Mr. Bradley gave a presentation to the Committee on the different types of financing options available to the Township. After the presentation the Committee came up with a few

main questions for which the Committee needs to form a recommendation to the Board of Supervisors:

1. What is the actual amount needed vs. the estimates used in the presentation?
2. Should the issuance for the Community Center be Bank Qualified (BQ)?
If recommended for BQ there will need to be two issuances.
3. When should the issues occur?
One issuance is 2012 and the second in 2013?
One issuance in 2013 and the second in 2014?
4. How should the total dollar amount of the financing be divided among two issuances?

Recommendations will be presented to the Board of Supervisors once the Committee has sufficiently reviewed the above mentioned questions.

The next meeting will be held on October 30th.

There being no further business, the meeting adjourned at 9:00 pm.

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor