

**Finance Committee Meeting Minutes  
Montgomery Township  
Thursday, November 29, 2012**

The Finance Committee meeting of November 29, 2012 was called to order by Chairman John Holsinger at 7:35 pm.

Present at the meeting were:

Committee Members: John Holsinger, Jim Kelly, Allan Nappen, and Joe Kobulsky  
Board of Supervisors: Michael Fox  
Finance Director: Shannon Drosnock  
Accounting Supervisor: Vickie Zidek

On a motion by Mr. Kelly, seconded by Mr. Nappen, the Minutes of the July 26, 2012, September 27, 2012 and October 30, 2012 meetings 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 October 31, 2012. Listed below is the information from those reports:

- Tax Revenues
  - Real Estate Tax Collections are down just .3%, or \$5K, 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 6.6%, or \$209K, 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 5.2%, or \$30K, from same period 2011. Tax receipts reported in October represent real estate transactions that took place in September 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 4.4%, or \$89K, as compared to same period prior year. In the prior year, the Township received 3 years of tax returns from a past-due customer totaling over \$100K. Excluding this one-time adjustment last year, receipts are slightly ahead of 2011 and are tracking 5.77% above budget.
  - Local Services Tax revenue collections are below budget by 8.38%, or \$45K. It is anticipated that receipts will end the year within 2% of budget.

- Amusement tax receipts are up 8.4% (\$5.2K) as compared to same period prior year and are 4.44% above budget.
- Business Privilege Tax (BPT) receipts are up 12.4%, or \$93.3K, 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 \$19K above prior year. Receipts are 13% above budget.
- Overall tax revenues are up 3.1%, or \$263K, as compared to same period prior year. The largest components of this increase are the Earned Income Tax receipts.
- Other Revenue Sources
  - Building Permit revenues are up a significant 28.1%, or \$154K, 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 down 13.7%, or \$59K, as compared to prior year due to the timing of receipts received. Third quarter revenues were received in October in 2011 but were received in November of 2012. Absent this timing difference, the revenue is above prior year.
  - Overall Revenues are up 1.9%, or \$201K, compared to October 2011. The largest components of this are Earned Income 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 4.4% (\$334K) compared to October 2011. Overall expenditures at the end of October, when adjusted up to include the 2011 year end payroll accruals are at 78% of budget compared to an expected expenditure rate of 83%. Expenditures are expected to end the year within budget.
- General Fund Balance
  - The balance in the General Fund as of the end of October 2012 is approximately \$5.2M as compared to \$4.9M at the end of October 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 October 2012 with the projected revenues and expenditures for November and December. The projected revenues/expenditures are based on the monthly revenue and expenditures percentages from 2011 applied to the 2012 Budget.

In other business, Mr. Fox updated the Committee on the potential financing for the Community Center project. Mr. Fox informed the Committee that the feasibility study has been completed and will be presented at a public meeting on December 10, 2012.

He expects all the costs will be approximately \$10M for the center. Staff has been staying in touch with RBC Capital with regards to 30 year bond rates, which have dropped to an all-time low of an estimated 2.66%. Now that the Committee has this information they will meet in December to discuss the financing options for the Community Center project and will provide this recommendation to the Board in early 2013.

The next meeting will be held on December 19<sup>th</sup>.

There being no further business, the meeting adjourned at 9:05 pm.

Respectfully Submitted

Victoria M. Zidek  
Accounting Supervisor