

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, February 28, 2013**

The Finance Committee meeting of February 28, 2013 was called to order by Chairman John Holsinger at 7:40 pm.

Present at the meeting were:

Committee Members: John Dale, John Holsinger, Allan Nappen and Joe Kobulsky
Finance Director: Shannon Drosnock
Accounting Supervisor: Vickie Zidek

On a motion by Mr. Kobulsky, seconded by Mr. Dale, the Minutes of the January 24, 2013 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 January 31, 2013. Listed below is the information from those reports:

- Tax Revenues
 - Real Estate Tax Collections are down \$163, as compared to same period prior year. Tax bills are not mailed to residents until mid to late February and as such, minimal tax revenue is expected in January and February. March through May is known as 'the discount period' where residents receive a 2% discount for payment during that time.
 - Earned Income Tax (EIT) collections in the General Fund are up 171% or \$338K above January of the prior year. The trend indicates that payments normally received in February were received in January for this year. The attached Earned Income Tax revenue report shows the typical cycle for EIT collections.
 - Real Estate Transfer Tax Revenues reported in January are for December of 2012 and as such are recognized in period 13 of 2012 therefore showing \$0 in revenue for January.
 - Mercantile Tax revenue collections are down 34.1% or \$13.6K as compared to same period prior year. The due date for this tax is March 15th. Revenue collections are highest during the months of February, March and April.
 - Local Services Tax revenue collections are up \$833 or .7%, essentially flat from the same period prior year.
 - Amusement tax receipts are flat as compared to same period prior year.
 - Business Privilege Tax (BPT) receipts are up 26.4% (\$6.8K) as compared to same period prior year. The due date for this tax is March 15th. Revenue collections are highest during the months of February, March and April.

- Overall tax revenues are up 87.2% or \$332K as compared to same period prior year. This is due mainly to the timing of the collection of EIT receipts.
- Other Revenue Sources
 - Building Permit revenues are down 49.7% or \$39K compared to same period 2012; however 2012 receipts were an unprecedented 75% above budget for the year. The 2013 receipts are not expected to be as high as 2012 receipts.
 - No cable TV franchise fees are received in January.
 - Overall Revenues are up 62.5% or \$301K compared to January 2012. The largest component of this related to the Earned Income Tax.
- Expenditures
 - Overall year to date expenditures are reporting up 227.6% or \$248K. However, this is due to having three payrolls in 2013 as compared to two payrolls in 2012 and is due to year end/year beginning purchase order adjusting entries required to convert the cash basis governmental accounting to the modified accrual accounting basis for year end financial statement purposes. Expenses are within 1% of budget for this time of year which is also adversely impacted by three payrolls this January.

In other business, Ms. Drosnock reviewed with the Committee the results from the bond financing sale that took place on February 25th. The Series 2013 bonds were committed in the market for a total of \$8,745,000 par value of bonds plus original issue premium generating proceeds of \$8,995,057 at a true interest cost of 3.44%. Debt Service will begin at a pro-rated payment of \$187,173 for 2013 and will average \$478,400 from 2014 through 2043. Annual Township revenues dedicated for debt service are \$500,000 under the current millage structure, therefore the Series 2013 debt service will be able to be supported by the current millage for the life of the loan. Settlement is anticipated for March 27, 2013.

The next meeting will be held on March 28th.

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

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor