

**Finance Committee Meeting Minutes
Montgomery Township
Monday, April 21, 2014**

The Finance Committee meeting of April 21, 2014 was called to order by Chairman John Dale at 7:42 pm.

Present at the meeting were:

Committee Members: John Holsinger, Jim Kelly, Allan Nappen and John Dale
Board of Supervisor: Robert Birch
Finance Director: Shannon Drosnock
Accounting Supervisor: Vickie Zidek

On a motion by Mr. Kelly, seconded by Mr. Holsinger, the Minutes of the March 27, 2014 meeting were approved.

Ed Furman from Maillie presented the 2013 Comprehensive Annual Financial Report (CAFR) Draft to the committee members. Mr. Furman told the committee members that the audit opinion is free of material misstatement and presented fairly and the Township did not receive a SAS 115 letter, which is a communication, in writing, to management regarding significant deficiencies and material weaknesses in internal controls. Mr. Furman also reviewed the government wide financial statements, General Fund Balance, Pension Trust Fund, footnotes and budget to actual with the Committee.

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, 2014. Listed below is the information from those reports:

General Fund 01 – Fund Balance

During the 1st Quarter of 2014, the Township received \$4.4M or 37.3% of 2014 General Fund Budgeted Revenues, which was 5.0% lower than the \$4.6M in revenues received during the 1st Quarter 2013 but is in line with the 2014 budget. General Fund Expenditures during the 1st Quarter 2014 were \$2.15M which amount was 15% higher than the \$1.8M in Expenditures during the 1st Quarter 2013. This increase is mostly a result of the weather this winter and the costs associated with maintaining the Township's superior road conditions. Overall, expenditures in each department are consistent with the 2014 budgeted expenditures.

At the end of the 1st Quarter 2014 the General Fund Balance was \$5.342M, an increase of 5.6% above the 1st Quarter 2013 fund balance of \$5.056M. The various Revenue and Expenditure details are discussed in more detail below.

General Fund Revenues

- **Tax Revenues** – These revenues represent 83% of all budgeted General Fund revenues.
 - Real Estate Tax revenues for March are down 8.3% (\$20.3K) 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 as April 30th is the end of the discount period for Real Estate Taxes.

- Earned Income Tax (EIT) revenues for March are down 16.9% (\$255K) from same period prior year, however in line with the 2014 budget. This decrease was anticipated as the 2013 fiscal year was a one-time anomaly resulting from the full implementation of ACT 32. EIT receipts are trending upward as compared to prior years with the exclusion of 2013.
 - Mercantile Tax revenues are up 5.3% (\$89K) and Business Privilege revenues are down 2.2% (\$13K) from March 2013. The due date for these taxes was March 15th. Over 90% of the anticipated taxes have been received and revenues are currently 10% below budget. It is anticipated that these revenues will reach their target budget by year end.
 - LST revenues are up 9% from March 2013. Tax receipts are within 1% of budget for this year to date.
 - Permits and License Fees – This collective group of revenues is reporting 7.3% (\$20.8K) above the prior year and is within 1% of budget for the year. Permit activities tend to increase entering the late spring/early summer months.
 - Other Revenue Sources include fines, interest, grants, etc. These revenues are 47.2% (\$45K) below prior year revenues for March and 3.6% below the anticipated budget for this period of time. This is related mainly to the revenue from the sale of surplus equipment in 2013.
- Expenditures
 - Overall expenditures for March are 15.2% (\$284K) above prior year. As discussed earlier, this increase is mostly a result of weather this winter and the costs associated with maintaining the Township's superior road conditions. Total General Fund expenditures are within 1% of the budgeted expenditures for the 1st Quarter of 2014.

The next meeting will be held on May 19th.

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

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor