

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, June 24, 2010**

The Finance Committee meeting of June 24, 2010 was called to order by Vice-Chairman Anthony Diasio at 7:40 pm.

Present at the meeting were:

Committee Members: Anthony Diasio and James Kelly
Finance Department: Victoria M. Zidek

Ms. Zidek recommended that consideration of the minutes of the May 27th meeting be postponed until the next meeting.

Edward Furman, Partner with Maillie Falconiero & Company, LLC was present to review the results of the annual audit for year 2009 and noted the following points about the results of the audit:

- The Township received a clean unqualified opinion.
- In accordance with the GASB 34 requirements, the Township's finances are reported on both a Modified Accrual basis and a Full Accrual basis in the report. The Full Accrual basis reflects the financial condition of the Township more like a business.
- The audit includes a comprehensive Management, Discussion and Analysis (MD&A) prepared by township management providing a detailed analysis of the financial condition of the Township. The MD&A is un-audited since it is designed to provide management's opinions and insights.
- The Township's Government Funds posted an increase in net assets of \$1.4 Million resulting from a combination of revenues exceeding expenditures.
- The general fund posted a slight increase of \$98K for the year and the Board elected not to transfer any portion to the Capital Reserve Fund.
- The general rule is to maintain a fund balance reserve of 5-8% in the General Operating Fund. The Township retained an unreserved fund balance of \$2.294M in the General Fund, approximately 21% of Budgeted expenditures, evidence of the Township's strong cash position.
- The Township's debt decreased by \$318K in 2009 as the result of principal payments. The Township has a healthy debt to equity ratio.
- The audits for the Component units (Sewer Authority, FDMT Inc. and FDMT Relief Assn) were also completed with no issues identified. The Sewer Authority posted a small operating surplus and maintains a good debt to equity ratio.

- In 2009, GASB Statement No. 45 posted an expense of \$368K to net assets in recognition of the Township's obligation to fund Police Officer Post Employment Benefits per the provisions of the Collective Bargaining Agreement.
- The Township continued to utilize the modified approach under GASB 34 to account for certain infrastructure assets. Under this process the Township documents its program for maintaining the infrastructure assets and is not required to post depreciation against net assets.
- The audit committee reported no significant audit findings or difficulties in performing the audit. All of the records were in excellent shape and there were only a small number of year-end adjustments which were primarily accrual adjustments. Overall a very strong audit.

Committee members accepted the auditor's report, and indicated that they were pleased with the results and the quality of the audit report content.

Ms. Zidek reviewed for the committee members, the information from the various financial reports prepared for the Committee and the Board of Supervisors.

The report on General Fund Revenues/Expenditures shows that overall tax revenues are up 0.1% compared to 2009 with the following notable items:

- Real Estate Tax revenue collections down are 0.3% to date. Approximately 90.5% of the Real Estate Taxes collectable for 2010 have been received.
- Real-Estate Transfer Tax revenues are up 36.3% compared to May 2009. The amount for June, which is received in July, continues to show the upward trend for 2010.
- Earned Income Tax revenues are up 4.4% and Mercantile Tax revenues are up 0.2% compared to May 2009.
- Business Privilege Tax revenues are down a significant 13.7% from May 2009 due to lower final gross receipts in 2009 which leads to lower 2010 estimates.
- Building permit fee revenues are down 7.8%, Cable Franchise fees are up 8.7% and overall Permits and Licenses are down 1.7%.
- Overall Revenues down 0.8% compared to May 2009 however it is still too soon to make any projections.

- For all departments, year to date expenditures are up 5.2% but tracking at 39.4% of budget compared to an expected rate of 41.6% as of the end of 5 months.
- The fund balance in the General Fund as of the end of May 2010 is up 0.2% (\$11K) compared to May 2010.

There being no further business, the meeting adjourned at 8:40 pm.

Respectfully Submitted

Lawrence J. Gregan
Finance Director