

**Finance Committee Meeting Minutes  
Montgomery Township  
Thursday, July 22, 2010**

The Finance Committee meeting of July 22, 2010 was called to order by Chairman Ralph Melone at 7:35 pm.

Present at the meeting were:

Committee Members: Ralph Melone, Allen Nappen, Anthony Diasio and John Holsinger  
Finance Director: Lawrence J. Gregan  
Accounting Supervisor: Victoria M. Zidek

On a motion by Mr. Diasio, seconded by Mr. Holsinger, the Minutes of the May 27 and June 24, 2010 meetings were approved.

Mr. Gregan reviewed for the committee members, the information from the various financial reports prepared for the Committee and the Board of Supervisors as of June 30, 2010.

The report on General Fund Revenues/Expenditures shows that overall tax revenues are down 1.9% compared to 2009 with the following notable items:

- Real Estate Tax revenue collections are down 0.3% compared to June 2009. The Face Amount collection period ended June 30<sup>th</sup> and as of this date, 93.8% of the Real Estate Taxes collectable for 2010 have been received.
- Earned Income Tax revenues posted to the General Fund through June 2010 are down 0.9% (\$19.5K) from June 2009. The percentage drop is understated since the 2010 budget did not include a transfer to the Park and Recreation Fund of \$100K. Actual year to date collections are 2.87% (\$69K) less than at the end of June 2009. The Earned Income Tax Comparison report projects receipts of \$4.150M in 2010 which at this time would still meet the 2010 Budget estimate of \$4.150M.
- Real Estate Transfer Tax Revenues are up 11.9% (\$23.1K) from June 2009. Tax receipts reported in June represent real estate transactions that took place in May 2010. There were 34 residential property transactions in May 2010 vs. 26 in May 2009.

In last month's report we had incorrectly reported that April transactions included the transfer of 11.45 acres from the Cutler Group to Pulte Homes. This transaction actually occurred in May and represented the sale of only Phase 1 purchase for 35 townhome lots which generated \$11.4K in tax revenue. There are two remaining phases of equal size pending transfer, hopefully this year.

The Transfer Tax revenue figures in June only report revenues for the first five months of the year as the reports from the County lags by one month. We will receive the final Transfer Tax remittance in January 2011

which will be reported as revenue for 2010. Based on the year to date results, Transfer Tax revenues are at 48.3% of budget vs. an expected rate of 42% which is ahead of budget.

- Mercantile Tax revenue collections are up 4.1% (\$67.3K) from 2009, however, Business Privilege Tax revenue collections at the end of June are down 13.7% (\$112K). While revenues are down, the number of returns filed year to date is comparable to 2009 and we are not having a delinquency problem.
- Occupation Privilege Tax revenue collections are down 2.0% (\$3.3K). The next filing deadline is July 15<sup>th</sup> and we should see an increase due to summer hires.
- Overall Tax Revenues are down 0.8% (\$50.1K) when compared to the collections at the end of June 2009.
- Building Permits revenues are down 19.4% (\$51.5K) compared to June 2009. Pulte Homes has started to file applications for permits for the new townhome development on Hartman Rd, which should have a positive impact on this revenue in July.
- Cable TV Franchise Fees are up 8.7% (\$17K) and are projected to exceed the 2010 budget estimate by @ 10%.
- Overall Permits and License revenues are down 6.8% (\$35K) from June 2009 but are at 51.9% of budget compared to an expected rate of 50% and should meet and likely exceed the budget projection by year end.
- Overall Revenues are down 1.9% (\$135K) compared to June 2009. Despite the drop, revenues are at 67.3% of 2010 budget vs. 63.1% of budget at the end of June 2009. Based on the actual vs. projected revenues in the "General Fund Projected Cash Balance Report," revenues are currently projected to be approximately 2.37% (\$262K) below budget at year end.
- Overall year to date expenditures (net of Inter-fund Transfers) are up 1.1% (\$48.7K) compared to June 2009. This increase is somewhat understated as there are several major capital items in the Police and DPW Budget which have not yet been expensed and which should hit the expenditure report in July/August. These expenditures are offset by a transfer from the Equipment Reserve Fund and therefore will not affect the fund balance projection.

Overall expenditures at the end of June, when adjusted up to include the 2009 year end payroll accruals are at 46.1% of budget compared to an expected expenditure rate of 50%. All departments continue to operate within their budget limits.

- Based on the actual vs. projected expenditures in the "General Fund Projected Cash Balance Report" attached, expenditures are currently projected to be approximately 2.99% under budget at year end.

- The General Fund cash balance at the end of June 2010 is up 3.0% (\$139K) compared to the cash balance at the end of June 2009.
- Based on the revenue/expenditure activity year to date and the projection of revenues/expenditures for the balance of the year as illustrated in the "General Fund Projected Cash Balance Report" attached, revenues are currently projected to exceed expenditures at year end by approximately \$178K which is consistent with the increase in fund balance that was projected in the budget.

Mr. Melone stated that he didn't know whether or not the Charter limits the Finance Committee to an advisory capacity only, but if it didn't, is there anything that could be added to the agenda for the Committee to do other than reviewing financial statements, or if the Board has anything they would like the Committee to work on. He also asked if the Committee would like to make any changes to the agenda or keep it the way it currently is. Mr. Holsinger added to this by asking if there was anything the Finance Department needed any help on, such as projects that need to be completed. Mr. Diasio responded that he liked the agenda and what the Committee does and mentioned how the Committee can be more involved by participating in the Budget process and attending the Budget meetings. This would give the Board a sense that people other than management are reviewing the Budget.

There being no further business, the meeting adjourned at 8:25 pm.

Respectfully Submitted

Victoria M. Zidek  
Accounting Supervisor