

**Finance Committee Meeting Minutes  
Montgomery Township  
Thursday, October 28, 2010**

The Finance Committee meeting of October 28, 2010 was called to order by Vice-Chairman Anthony Diasio at 7:40 pm.

Present at the meeting were:

Committee Members: Anthony Diasio, Allan Nappen, Jim Kelly and John Holsinger  
Interim Township Manager: Lawrence J. Gregan  
Interim Finance Director: Shannon Q. Drosnock  
Accounting Supervisor: Victoria M. Zidek

On a motion by Mr. Holsinger, seconded by Mr. Kelly, the Minutes of the July 22, 2010 meetings were approved.

The Committee viewed the slide presentation from the Board of Supervisors first Budget Workshop meeting held on October 14<sup>th</sup>. The workshop covered an overview of revenues and expenditures for 2011 as well as the proposed budgets for Capital Expenditures, Planning and Zoning Department and Shade Tree. Committee members asked several questions regarding the materials presented in the presentation.

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

The report on General Fund Revenues/Expenditures shows that overall tax revenues are down 0.2% compared to 2009 with the following notable items:

- Tax Revenues – These revenues represent 85% of all General Fund revenues.
  - Property Tax – This tax is at 98.3% of budget collected to this point. Taxes are currently in the delinquent period. Overall property taxes are up slightly from this period on 2009 (.5%).
  - Earned Income Tax – This tax is down .4% from this period last year, basically flat. EIT represents 1/3 of our total General Fund revenues. We have requested a projection from Berkheimer for 2011 collections which should be received shortly and will be used in projecting the revenue for the 2011 budget.
  - Real Estate Transfer Tax – Currently 6.5% ahead of prior year and projected to be similarly ahead of budget. In August, there were 25 transfers contributing to revenue for a total of \$50,850. This included two commercial properties. In September, there were again 25 deeds contributing to revenue for a total of \$35,500.
  - Business Taxes – Business Privilege Taxes (services) are down 14.3% from this period last year. While Mercantile Taxes (goods) are up 5.5% from same period. This tells us that goods are managing the economic downturn in this area better than services. Overall, we expect to be approximately 8% down compared to budget for this year and between 1-2% down compared to fiscal year ending 2009.

- Permits and License Fees – Are up in comparison to the same period 2009. Building Permits, up almost 10%, are up partially due to the fee re-structure that was put into place for this year. Cable Franchise Fees are up almost 10%.
- Other Sources of Revenue – While this line items remains relatively flat to prior year, the components represent significant change. Fines, Department Services and Other Financing Sources are all up over same period 2009 (15.5%, 45.6% and 44.3% respectively). Interest and Grant are down (70.6% and 7.4% respectively). As the economy remains unstable, the interest rates have continued to decline. As of October 1<sup>st</sup>, the interest rate on the Money Market accounts reduced again to .35% from .5%. Department Services are up related to the administrative fee charged to developers on escrow. While this is up from prior year, the budget anticipated this increase therefore the account is flat to budget. Lastly, the Other Financing Sources line item is up almost \$35K. Approximately \$24,000 of this is related to the dividend checks distributed to the Township from the Delaware Valley Insurance Trusts.
- Total Revenues – Overall, the combined revenues of the General Fund are up (.4%) as compared with same period 2009. Total revenues are at 87.3% of budget. Based on the General Fund Projected Cash Balance Report, total revenues are expected to be .35% ahead of budget at year end.

## **Expenses**

- Administration – Admin expenses are down 8.4% compared to this time last year. A majority component of this reduction is related to solicitor fees. These expenses were higher in 2009 as a result of legal fees related to a labor lawsuit which was settled earlier in 2010.
- Finance – Finance expenses include the 403 account, Business Tax Collection, and the 405 account, General Finance. This line item is up 12% from prior year. This is related to staffing wages. In 2009 the payroll position was vacant for 6 months causing 2009 to be artificially low. Additionally, there has been a staff member added to the Business Tax Collection as of March 2010.
- Police – The Police expenditures are 11% above same period prior year. This translates to over \$380,000. There are two components to the increase from prior year. The first is wages. Uniformed officers received a pay increase of 4% for 2010 according to their collective bargaining agreement. The second component is insurance. The combination of the two account for the difference from 2009 to 2010.
- Code – A very slight increase above same period prior year related to wages (increase of 3% given to staff).
- Public Works – This line item is 8% above the same period prior year. The main components of this increase are wages, overtime, fuel and vehicle maintenance related to the snow. 8% represents \$97,000.
- Total Expenses – Overall, the General Fund total expenses are up \$479,880 (7.4%) as compared to same period prior year. A major component of this is the timing of payrolls. As of September 30, 2009, 19 payrolls had been processed.

As of September 30, 2010, 20 of the 26 payrolls have been processed. Payroll represents 55% of total General Fund expenditures. As such, it has a large impact on the percentage increase over prior year illustrated in this report.

Due to Thanksgiving, the next meeting will be held on November 18<sup>th</sup>.

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

Respectfully Submitted

Victoria M. Zidek  
Accounting Supervisor