

**Finance Committee Meeting Minutes  
Montgomery Township  
Thursday, November 18, 2010**

The Finance Committee meeting of November 18, 2010 was called to order by Vice-Chairman Anthony Diasio at 7:30 pm.

Present at the meeting were:

Committee Members: Anthony Diasio, Allan Nappen, Jim Kelly, John Holsinger and John Dale  
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. Nappen, the Minutes of the October 28, 2010 meeting were approved.

The Committee heard presentations from James Schlesinger from Concord Public Finance, Denise Yannarell from Univest and Lucien Calhoun from Delaware Valley Regional Finance Authority (DVRFA) regarding different financing options for the upcoming financing for the Zehr Tract. Committee members asked several questions regarding the materials presented in the presentations. The Committee asked Township staff to get competing bids from other banks as well as see if a few more financial advisors could make presentations to the Committee for the December meeting.

Since the presentations and discussions of the presentations were time consuming the Committee did not review the information from the various financial reports prepared for the Committee and the Board of Supervisors as of October 31, 2010. Listed below is the information from those reports.

The report on General Fund Revenues/Expenditures shows that overall tax revenues are down 0.7% 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 98.6% 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%). The Township is beginning to receive notifications of pending assessment appeals. Details are expected to be available for the November report.
  - Earned Income Tax – This tax is down .9% from this period last year. 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 5.3% ahead of prior year and projected to be similarly ahead of budget. In October, there were again 14 deeds contributing to revenue for a total of \$18,240.
  - Business Taxes – Business Privilege Taxes (services) are down 17.3% from this period last year. While Mercantile Taxes (goods) are up 6.3% from same period. This tells us that goods are managing the economic downturn in this area better than services. Overall, we expect to be within 5% of budget for this year and less than 1% down compared to fiscal year ending 2009.

- Permits and License Fees – Are up in comparison to the same period 2009. Building Permits are up 16.5% partially due to the fee re-structure that was put into place for this year. Cable Franchise Fees are expected to be more than 10% above budget for this fiscal year. This will be reflected more clearly in the November report where the final payments are included.
- Other Sources of Revenue – While this line item 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 (8.7%, 47.2% and 34.1% respectively). Interest is down 69.3% from the same period 2009 while Grants are relatively flat (-.9%) compared to that period. 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 \$24,000 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 down slightly (.1%) as compared with same period 2009. Total revenues are at 89% of budget. Based on the General Fund Projected Cash Balance Report, total revenues are expected to be .11% below budget at year end.

## Expenses

- Administration – Admin expenses are down 11.6% 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 11.8% 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 7.6% above same period prior year. This translates to over \$300,000. 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 10.4% above the same period prior year. The main components of this increase are wages, overtime, fuel and vehicle maintenance related to the snow. This represents \$137,713. However, in November the Township received payment of \$32,295 from Pennsylvania Emergency Management Agency as disaster reimbursement of additional

expenses incurred during the heavy snowstorms last February. The reimbursement covered 75% of the costs for overtime, equipment time and salt materials used during the storm event of Feb 5 – Feb 7. The funds will be used to offset the additional overtime charges incurred by the Public Works department during the storms.

- Total Expenses – Overall, the General Fund total expenses are up \$390,461 (5.3%) 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, 22 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 Christmas, the next meeting will be held on December 9<sup>th</sup>.

There being no further business, the meeting adjourned at 10:00 pm.

Respectfully Submitted

Victoria M. Zidek  
Accounting Supervisor