

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, November 17, 2011**

The Finance Committee meeting of November 17, 2011 was called to order by Chairman Anthony Diasio at 7:40 pm.

Present at the meeting were:

Committee Members: Anthony Diasio, Ralph Melone, John Dale and John Holsinger
Finance Director: Shannon Q. Drosnock
Accounting Supervisor: Victoria M. Zidek

Approval of the Minutes of the June 23, 2011 meeting will be held off until the next meeting pending consensus of the absent members.

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 October 31, 2011. Listed below is the information from those reports:

- Tax Revenue Collections
 - Real Estate Tax Collections are down 2.8%, or \$43.8K, as compared to same period prior year. Taxpayers now fall within the “penalty” period and are assessed a 10% penalty on their bills. All tax bills must be paid by December 31, 2011 or are turned over to the County for property liens.
 - Earned Income Tax collections are down .7%, or \$21.5K, below same period prior year. The 2011 budget anticipated a decrease in collections; however, receipts are tracking 2.7% above budget for this year.
 - Real Estate Transfer Tax Revenues are up 33.7%, or \$145.3K, from same period 2010. Tax receipts reported in September represent real estate transactions that took place in August 2011. Receipts have been strong for the third consecutive month with September receipts at \$81.8K. Four commercial transactions contributed to the strong receipts.
 - Mercantile Tax revenue collections are up 10.8%, or \$195.9K, as compared to same period prior year. This year to date, 413 returns have been received and processed as compared to 359 the same period prior year.
 - Local Services Tax revenue collections are below budget by 11.8%, or \$55.4K. As this is the first year for the new tax amount and new collection regulations, there is no comparable data for the prior year; therefore the comparison to budget is the benchmark. The final due date for this calendar year was the Quarter 3 filing due October 31, 2011. By mid-November staff will have a very strong indication on the projected year end collections for this revenue source.
 - Amusement tax receipts are down 35.4% (\$34K) as compared to same period prior year and are 1.7% below budget.

- Business Privilege Tax (BPT) receipts are down .3% (\$1.8K) as compared to same period prior year. The primary cause for the reduction was the Movers Specialty tax appeal award to \$74K. Absent this refund, the BPT collections would be above same period prior year collections.
 - Overall tax receipts are up 5.6%, or \$453K, as compared to same period prior year. The largest components of this increase are the Mercantile Tax receipts, the Real Estate Transfer Tax receipts and the increase in Local Services Tax.
- Other Revenue Sources
 - Building Permit revenues are up a significant 31%, or \$129.6K, compared to same period 2010 and approximately 20% above budget. This strong trend has been seen each month of the year to date.
 - Cable TV Franchise Fees are up 33.2%, or \$108K, as compared to prior year. This is due to the timing of receipts across October through November.
 - Overall Revenues are up 9%, or \$866K, compared to October 2010. Included in the \$866K is money received in late September from the State for the State Aid funding for the two Pension Systems. The funding was for \$610,010; a 70% increase over the prior year's funding of \$359,000. The increase was a result of a one-time change in the collections procedures at the State level and is a major contributing factor to the increase in overall revenues this year.
 - Expenditures
 - Overall year to date expenditures are down 3.4% (\$264.8K) compared to October 2010. Expenses are down in the Administration, Finance and Police and Public Works Departments. Increased Building Inspection expense in Planning/Zoning are a direct result of the increased revenues in permits. Overall expenditures at the end of October, when adjusted up to include the 2010 year end payroll accruals are at 76.7% of budget compared to an expected expenditure rate of 83%.

In other business, the committee members and staff discussed points to consider for a Cash Investment Policy. The committee members recommended keeping the policy simple and broad. They also asked staff to reach out to other Second Class Townships and review their policies. The Committee asked staff to provide a monthly investment schedule with the monthly report. The members felt their role would be advisory. They suggested that any investments being done outside of the same institution the Township currently banks at should be approved by the Board of Supervisors, while same institution investments should be done by staff and include dollar amount restrictions. Staff will work on creating a policy and a monthly investment schedule for the committee members to review.

The members also discussed with staff the 'Legal Level of Budgetary Control' for the Township. They recommended the Township set the legal control at either the

Department or Activity Level. Staff will work on creating a policy for the Committee to review which will state the Township's 'Legal Level of Budgetary Control.'

The next meeting will be held on December 15th.

There being no further business, the meeting adjourned at 8:55 pm.

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor