

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, June 23, 2011**

The Finance Committee meeting of June 23, 2011 was called to order by Chairman Anthony Diasio at 7:35 pm.

Present at the meeting were:

Committee Members: John Holsinger, Allan Nappen, Anthony Diasio and Jim Kelly

Finance Director: Shannon Q. Drosnock

Accounting Supervisor: Victoria M. Zidek

On a motion by Mr. Kelly, seconded by Mr. Nappen, the Minutes of the May 26, 2011 meeting were approved.

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

- Tax Revenue Collections
 - Real Estate Tax Collections are down 2.3%, or \$33K, as compared to same period prior year. Taxpayers now fall into the “face” period which extends from May 1st through to June 30th.
 - Earned Income Tax collections are down 12.6% or \$268K as compared to same period prior year. This is related mostly to the timing of the receipt of payments from the Tax Collector. The Township received notification from the Tax Collector that this timing issue could potentially occur. June receipts are up \$110K for the first week as compared to the first week of last year. Given the uptick in June receipts and the information from the Tax Collector, we do not anticipate this decrease to remain.
 - Real Estate Transfer Tax Revenues are up 6.8%, or \$15.5K, from May 2010. Tax receipts reported in May represent real estate transactions that took place in April 2011. Real estate transactions in April of 2011 were fewer in number and for a lesser average dollar amount; however the strong revenues received in March 2011 were enough to keep the comparative trend above prior year.
 - Mercantile Tax revenue collections are up 10.6% (\$171K) as compared to same period prior year. Delinquency notices (394) were sent in May to Mercantile/Business Privilege tax accounts that have not filed their 2011 tax returns (for tax year 2010).
 - Local Services Tax revenue collections are exceeding budget by 5%. 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.

- Amusement tax receipts are down 20% (\$6K) as compared to same period prior year but are on target to reach budget. The budget reflects the anticipated decrease in receipts with the closing of the Garden Golf Center.
 - Business Privilege Tax (BPT) receipts are down 5% (\$34.7K) as compared to same period prior year. The primary cause for the reduction was the Movers Specialty tax appeal award for \$74K.
 - Overall tax receipts are down 2.5% (\$157K) as compared to same period prior year. The largest components of this decrease are related to the Earned Income Tax revenues (primarily a result of a timing issue) and the Movers Specialty tax appeal refund. At this time, all revenues are expected to end the year on budget.
- Other Revenue Sources
 - Building Permit revenues are up a significant 30.1% (\$50.9K) compared to May 2010 and approximately 3% above budget. This strong trend has been seen each month of the year to date.
 - Cable TV Franchise Fees are up 10.8% or \$22.9K as compared to prior year, contributing to the overall Permits and License Revenues increase of 17.6% (\$74K) from same period 2010.
 - Overall Revenues are up .8% (\$51K) compared to May 2010. Again, this is a result of the Earned Income Tax issue which is primarily related to the timing of the receipts and the Movers Specialty tax appeal refund. Absent these two specific issues, we have seen positive gains across the board in most all revenue sources.
 - Expenditures
 - Overall year to date expenditures are down 4.4% (\$156K) compared to May 2010. Expenses are down in every department across the board as the budget continues to be managed in consideration of these economic times. Overall expenditures at the end of May, when adjusted up to include the 2010 year end payroll accruals are at 37.5% of budget compared to an expected expenditure rate of \$41.6%.

General Fund Balance

The balance in the General Fund as of the end of May 2011 is approximately \$5.4M as compared to \$5.0M at the end of May 2010. The fund balance continues to be strong and grow as a direct result of conservative management and a well diversified revenue base. Note that the year end fund balance projection for 2011 is based on actual revenues and expenditures as of May 2011 with the projected revenues and expenditures for June through December. The projected revenues/expenditures are based on the monthly revenue and expenditures percentages from 2010 applied to the 2011 Budget.

In other business, Mr. Holsinger rescheduled giving an update to the Board of Supervisors from June 14, 2011 to July 11, 2011. He will be updating the Board on projects the Committee is working on.

The Committee decided on a recommendation about transferring funds for the Board of Supervisors. They decided to do a split between the Sovereign Bank Money Market and the Uninvest 1 year CD. A memo from the Committee will be prepared and given to the Board for their July 25, 2011 meeting.

The next meeting will be held on August 25th.

There being no further business, the meeting adjourned at 8:30 pm.

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor