

**Finance Committee Meeting Minutes
Montgomery Township
Monday, June 20, 2016**

The Finance Committee meeting of June 20, 2016 was called to order by Chairperson Mary Griffith-Alfarano at 7:05 pm.

Present at the meeting were:

Committee Members: Mary Griffith-Alfarano, John Holsinger, Allan Nappen, John Dale and Jim Kelly
Board of Supervisor: Bob Birch
Finance Director: Ami Tarburton
Accounting Supervisor: Vickie Zidek

On a motion by Mr. Dale, seconded by Ms. Griffith-Alfarano, the Minutes of the May 16, 2016 meeting were approved.

Chris Herr from Maillie presented the 2015 Comprehensive Annual Financial Report (CAFR) to the committee members. Mr. Herr told the committee members that that audit opinion is free of misstatement and the Township received an unqualified "clean" opinion. Mr. Herr discussed the changes in Governmental Activities Change in Net Position is due to recreation fees moving from Governmental Activities to Business-Type Activities. Mr. Herr also discussed how the implementation of GASB 68, which is a breakdown of changes in the Net Pension Liability, changed the financial reporting and that most municipalities pension plans took a hit in 2015 due to the declining market. Montgomery Township's Net Pension Liability went from \$1.3M to \$2.8M due to changes in assumptions of the discount rate and annual salary increase.

Ms. Tarburton 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, 2016. Listed below is the information from those reports:

General Fund Revenues

- Tax Revenues
 - Real Estate Tax collections are up \$21,400 as compared to same period prior year. The "discount period," in which residents receive a 2% discount for payment during that time, ended April 30th. We have received 93% of our 2016 budgeted real estate tax.
 - Earned Income Tax (EIT) collections in the General Fund are up 7.8% or \$206K above May of the prior year. Berkheimer reported increased year-end bonuses as a reason for this increase in revenue.
 - Real Estate Transfer Tax Revenues are up 16% or \$32K as compared to same period prior year. Receipts reported in May are for April. This increase is attributable to a couple of larger commercial real estate transactions that occurred in January of 2016.
 - Mercantile Tax revenue collections are up 10% or \$189K as compared to same period prior year. The due date for this tax was March 15th.

Revenue collections are highest during the months of February, March and April. Actual revenue as of May 31, 2016 is \$96K over 2016 budgeted revenue.

- Local Services Tax (LST) revenue collections are up \$65K or 35%. The first due date for employer remittances for 2016 was April 30th.
 - Amusement tax receipts are up \$4K as compared to same period prior year.
 - Business Privilege Tax (BPT) receipts are in line with receipts from the same period prior year. The due date for this tax was March 15th. Revenue collections are highest during the months of February, March and April. The tax department is in the process of identifying delinquent accounts and those who need to more clearly substantiate their tax returns.
 - Overall tax revenues are up 7% (over \$518K) as compared to May 31, 2015. Increased revenues in all tax categories combine to position us ahead of our anticipated 2016 budgeted tax revenues.
- Other Revenue Sources
 - Building Permit revenues are up almost 20% (\$50K) as compared to same period 2015. The primary season for this revenue source is spring into summer, and we are beginning to realize more significant revenues.
 - Cable Franchise Fees are up about 2% as compared to same period 2015.
 - Overall revenues are up 7.6% or \$605K compared to May 2015. Our increase in tax revenues is the largest component of these additional revenues.
- Expenditures
 - Overall year-to-date expenditures are up a modest 1.6% as compared to same period prior year. Cost controlling efforts have been successful in maintaining steady, necessary expenditures.

In other business, police contract negotiations and fire arbitration are still ongoing and have meetings scheduled in June. Ms. Tarburton also discussed the Debt Service Fund Cash Flow Projection, which at the current millage rate will more than cover the Township's current debt service payments for the next 10 years and beyond. Ms. Tarburton also reviewed the CRC financials with the Committee.

The next meeting will be held July 18, 2016.

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

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor