

**Finance Committee Meeting Minutes
Montgomery Township
Monday, July 18, 2016**

The Finance Committee meeting of July 18, 2016 was called to order by Chairperson Mary Griffith-Alfarano at 7:10 pm.

Present at the meeting were:

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

On a motion by Mr. Kelly, seconded by Mr. Holsinger, the Minutes of the June 20, 2016 meeting were approved.

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 June 30, 2016. Listed below is the information from those reports:

General Fund 01 – Fund Balance

Through the end of the 2nd Quarter of 2016, the Township received \$9M or 69% of 2016 General Fund Budgeted Revenues, which was 3% more than the \$8.7M in revenues received through the 2nd Quarter 2015 and is solidly ahead of the 2016 budget. General Fund Expenditures through the 2nd Quarter 2016 were \$5.3M which was 9% higher than the \$4.8M in Expenditures through the 2nd Quarter 2015. This increase is mostly attributable to increased legal expenses, along with the costs associated with maintaining the Township's superior road conditions throughout the January Winter Storm. Overall, expenditures in each department are consistent with the 2016 budgeted expenditures.

At the end of the 2nd Quarter 2016, the General Fund Balance was \$6.2M, a decrease of 6% below the 2nd Quarter 2015 fund balance of \$6.6M. This decrease is due to the 2015 General Fund surplus transfer of \$1.7M, completed in April of 2016, to pay down debt and fund capital projects. The various Revenue and Expenditure details are discussed in more detail below.

General Fund Revenues

- Tax Revenues – These revenues represent 90% of all budgeted General Fund revenues.
 - Real Estate Tax revenues as of June 30th are up 4% (\$300K) as compared to same period prior year. We have received 96% of our budgeted real estate tax revenue to date.
 - Earned Income Tax (EIT) revenues through the end of June are up 3% (\$100K) from same period prior year and are in line with the 2016 budget.

- Mercantile Tax revenues are up 8% (\$162K) and Business Privilege revenues are up 4% (\$28K) from June 30, 2015. The due date for these taxes was March 15th. Actual business tax revenues have exceeded budgeted revenues by 3%. As of June 30th, we have processed returns for 1043 or our 1344 registered businesses. The tax department continues to review the records and assess penalties and late fees to those businesses who are non-compliant with our tax ordinance.
- Local Services Tax (LST) revenues are up 5% (\$13K) from June 30, 2015. The quarterly returns are processed by Berkheimer and funds are transmitted electronically.
- Permits and License Fees – This collective group of revenues is reporting 6.5% (\$50K) below the prior year at the midway point. This decrease is due to a high volume of commercial permit activity in 2015, mostly in the Montgomery Mall, which elevated 2015 revenues.
- Other Revenue Sources – This includes fines, interest, grants, etc. These revenues make up only 7% of the total budgeted revenues. They are 24% (\$32K) above prior year revenues for June. These revenues are unpredictable mainly due to the timing of receipts.
- Expenditures

Overall expenditures through the end of the 2nd quarter are up 9% (\$432K) above prior year. As discussed earlier, this increase is mostly a result of increased legal and police expenses. However, total General Fund expenditures are 5% under the total anticipated budgeted expenditures for 2016.

In other business, Ms. Tarburton provided updates on Police labor contract negotiations and Fire arbitration hearing. She also reviewed the year-to-date Community Center Statement of Operating Revenues and Expenditures vs. Budget, as of June 30, 2016. The Committee also discussed Kids U, changes to rentals and memberships, Spray Park and a snack stand.

The next meeting will be held September 19, 2016.

There being no further business, the meeting adjourned at 7:55 pm.

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor