

A regular meeting of the **FINANCE COMMITTEE** was held tonight, Chairman Michael J. Swavola presiding. Members present were Commissioners Hampton, Haywood, McKeown, and Sharkey. Also present was ex-officio member Simon. Staff members present were Township Manager David G. Kraynik; Director of Fiscal Affairs Joseph Galdo; Assistant Township Manager Bryan Havir; Public Works Superintendent Mark McDonnell, Public Works Coordinator Rudy Kastenhuber; and Director of Engineering, Zoning & Inspections David Lynch. Also in attendance was Finance Officer Stephen Burns. A Public Attendance List is attached.

1. Mr. Paul R. Greenwald, the Township representative for the County Tax Collection Committee advised the Commissioners that Berkheimer had been awarded the Earned Income Tax (EIT) collection contract, as well as the Local Services Tax (LST) collection contract. The rate collection fee was reduced 36 basis points to 1.39% for both EIT & LST. The start date under this contract is for 1/1/2011. The Township's Finance Committee and Board of Commissioners will have to approve a resolution for this to be effective come 1/1/2011. The Committee approved Mr. Paul R. Greenwald as the township representative for the County Tax Collection Committee for 2011.

2. Representatives from all five fire companies were present to discuss the 2011 budget. Darren Harrison, President of the Elkins Park Fire Company, spoke on behalf of all the companies. He requested no increase in funding, but rather the Township's contribution to the five fire companies remain the same. Commissioner Haywood requested that all five fire companies submit financial statements and annual budgets, as required. Commissioner Swavola commented that in these tough economic times the Township needs this type of information to make more informed decisions. Mr. Kraynik commented that he has only received one

submission, that being from the Cheltenham Fire Company. Mr. Harrison commented that all the companies will submit the information. Commissioner Haywood commented that the Commissioners need to receive this information as soon as possible.

3. Mr. Kraynik referenced a 10/12/2010 memo that was supplied to the Commissioners (and is attached to the minutes). The memo references a reduction in the budget deficit from \$3,062,905 to \$2,888,804. The memo also references possible additional changes to the upcoming 2011 budget and ways to cut the deficit. Commissioner Simon inquired about an Abington Township letter pertaining to sewer issues and questioned if it would impact the operating budget. Mr. Kraynik stated it would not since these costs are capital items.

4. Commissioner Haywood had a question on the Fire line item since it appeared to be over budget. Mr. Kraynik commented that this is revenue coming in from the Commonwealth to the Township and the Township in turn cuts the checks to the five fire companies basically as a pass thru. The Township is not over budget for this line item. Mr. Kraynik commented that he will have the Accounting Department look into the matter so it can be better presented to the Board. The Committee approved the Executive Financial Summary Report for the period ended September 30, 2010.

5. Old Business.

None.

6. New Business.

None.

7. Citizen's Forum.

None.

October 13, 2010
Township Building

There being no further business, upon motion of Mr. Swavola, and approved by
the Committee, the meeting was adjourned.

A handwritten signature in black ink, appearing to read 'D. Kraynik', with a long horizontal line extending to the right.

David G. Kraynik
Township Manager

Per: Joseph Galdo, Jr.
Director of Fiscal Affairs

M E M O R A N D U M

TO: Finance Committee
FROM: David G. Kraynik, Township Manager
RE: 2011 Budget Status Report #1
DATE: October 12, 2010

1. Changes to budget deficit as per 10/5/10 workshop:

A.	Assessed valuation reduction. Decrease in tax revenue	(36,987)
B.	Rounding the amount of Unappropriated Fund Balance	(3,781)
C.	DVHIT Retiree Drug Subsidy	82,000
D.	Eliminate printing of MERC/BP Applications from Administration Budget	1,800
E.	Reduce sanitary sewer treatment costs	131,069

Budget deficit reduced from \$3,062,905 to \$2,888,804

2. Possible additional changes:

- A. Consider approving 75% amortization of the pension plans' unfunded liabilities - \$489,926

B. Consider budgeting DVIT/DVWCT Dividend Refunds:

\$342,941 (Five-Year Average)

Five-Year History: \$373,618 – 2010
 \$295,536 – 2009
 \$469,331 – 2008
 \$331,101 – 2007
 \$245,120 – 2006

3. Ways to cut deficit (in no particular order):

- Tax increase
- Sewer rent increase
- Personnel cuts/layoffs
- Salary/wage freezes of non-union personnel
- Increase various revenue categories
- Decrease various expense categories
- Eliminate merit pay raises

FIVE YEAR ANALYSIS - AS OF SEPTEMBER 2010

	2010	2009	2008	2007	2006
Expenses	74%	71%	75%	74%	75%
Revenues	86%	84%	81%	87%	86%
EIT	73%	62%	63%	68%	70%
Group Health Ins.	71%	72%	75%	72%	81%
Real Estate	96%	97%	96%	96%	97%