

Memo

To: Board of Supervisors
From: Jon Altshul
Re: December 2016 Financial Report
Date: January 10, 2016

The December financial report is based on unaudited numbers and is presented on a cash basis. Accruals and other year-end adjustments will be reflected in our financial statements, which use a modified accrual basis accounting method. The preliminary financial statements will be available in early spring. Final 2016 statements should be available by late spring.

Net of pass-through accounts, the general fund had revenues of \$10,621,058 and expenses of \$10,327,027 for a surplus of \$294,031. Compared to the YTD budget, revenues were \$599,418 over budget and expenses were \$17,797 under budget for a favorable budget variance of \$617,215. As of December 31st, the general fund balance was \$5,099,013.

Departmental net expenses are summarized below.

- Parks and Recreation was \$127,347 over budget due to the Gannett Fleming report on the Milltown Dam, tree work in the park and park fencing.
- Administration was \$2,247 over budget.
- Public Works was \$26,749 under budget, due to savings for snow (\$49,488 under budget) and the unexpected FEMA reimbursement for Superstorm Jonas (\$66,761). These savings were partially offset by overruns for storm water due to doing two major projects this year (Forest Lane and Supplee Valley) and slight overruns for roads work.
- Zoning and Codes was \$241,013 under budget, due in large part to strong building permit activity (\$75,936 over budget) and lower than expected costs for consulting work (\$59,112 under budget).
- Emergency Services was \$183,180 under budget due to the 2015 police credit. Per our agreement with Westtown, the 2016 credit, which traditionally would be received in February 2017, will be applied to the Police pension plan to pay down the unfunded liability, meaning that Emergency Services will likely finish 2017 closer to the adopted budget levels than in years past.

Non-core revenues are summarized below.

- After a sluggish start, Earned Income Tax rallied in November and December, finishing the year \$35,549 over budget.
- Real Estate Transfer Tax finished \$161,792 over budget due to the sale of Windemere and very brisk residential sales activity in the last quarter of the year.
- Local Services Tax also strongly outperformed previous years, finishing \$54,624 over budget.
- Real Estate Property Tax finished \$35,808 over budget due to a large interim payment.
- Finally, "Other Income", which primarily reflects interest income, was \$5,606 over-budget. This category has been buffeted by rate hikes, the passage of PA Act 10 and more competitive rates offered by the Pennsylvania Local Government Investment Trust. Over the past few months, I have moved a number of maturing CDs and some savings/money market accounts to PLGIT across several Township funds. As a result, the average weighted yield in the general fund is now 0.54% and in all funds 0.53%, and I expect these numbers to climb higher in 2017.

Other funds

Other funds finished the year more or less as expected, as summarized below.

- The **State Liquid Fuels Fund** had \$504,071 in revenues and \$503,969 in expenses, reflecting the year-end transfer to the general fund. The fund balance is \$302.
- The **Sinking Fund** had \$749,665 in revenues and \$937,851 in expenses. In addition to interest income and proceeds from the sale of old assets, revenues reflect the annual transfer from the general fund for depreciation and the portion of the DVRPC grant for the East Boot Road Bridge for construction costs (the portion of the grant for engineering costs was received in early January and therefore will be included on a cash basis as 2017 revenue). The fund balance is \$6,079,275.
- The **Transportation Fund** had \$13,647 in revenues and \$0 in expenses. The fund balance is \$1,074,859.
- The **Sewer Operating Fund** had \$3,411,917 in revenues and \$3,488,685 in expenses. This corresponds with a deficit of \$76,769, which is somewhat less than the \$100,000 deficit for rate stabilization that was budgeted. The fund balance is \$552,269.
- The **Refuse Fund** had \$991,347 in revenues and \$1,030,123 in expenses. This corresponds with a deficit of \$38,776, which is \$44,573 better than had been budgeted. The fund balance is \$616,907.
- The **Sewer Sinking Fund** had \$170,976 in revenues and \$190,437 in expenses. The fund balance is \$2,083,864.
- The **Operating Reserve Fund** had \$8,068 in revenues and no expenses. The fund balance is \$2,490,604.
- The **Events Fund** had \$15,012 in revenues as a result of the year-end transfer and no expenses. The fund balance is \$60,027.

Accounts receivable

Utilities accounts receivable was \$256,267 as of December 31st, an increase of about \$17,000 since Q3, but in line with 2015 Q4, and still well below 2013 levels. We also sent unpaid 2016 real estate accounts in the amount of \$8,734 (with penalty; \$7,940 face) to the County to file liens. This is nominally higher than last year, but well below 2010-2013 levels.

Audit

The audit team is scheduled to be on site from February 6-February 10th.

EAST GOSHEN TOWNSHIP
2016 YEAR END GENERAL FUND SUMMARY (UNAUDITED; CASH BASIS)
December 31, 2016

Account Title	2016 Budget	2016 Actual	Budget-Actual Variance
GENERAL FUND			
EMERGENCY SERVICES EXPENSES	4,345,656	4,156,575	(189,081)
PUBLIC WORKS EXPENSES	2,634,879	2,782,886	148,007
ADMINISTRATION EXPENSES	1,646,376	1,692,968	46,592
ZONING/PERMITS/CODES EXPENSES	538,192	391,629	(146,563)
PARK AND RECREATION EXPENSES	531,450	654,697	123,247
TOTAL CORE FUNCTION EXPENSES	9,696,553	9,678,756	(17,797)
EMERGENCY SERVICES REVENUES	67,595	61,694	(5,901)
PUBLIC WORKS REVENUES	974,509	1,149,265	174,756
ADMINISTRATION REVENUES	325,020	369,365	44,345
ZONING/PERMITS/CODES REVENUES	242,150	336,600	94,450
PARK AND RECREATION REVENUES	152,878	148,778	(4,100)
TOTAL CORE FUNCTION REVENUES	1,762,152	2,065,702	303,550
NET EMERGENCY SERVICES EXPENSES	4,278,061	4,094,881	(183,180)
NET PUBLIC WORKS EXPENSES	1,660,370	1,633,621	(26,749)
NET ADMINISTRATION EXPENSES	1,321,356	1,323,603	2,247
NET ZONING/PERMITS/CODES EXPENSES	296,042	55,029	(241,013)
NET PARK AND RECREATION EXPENSES	378,572	505,919	127,347
CORE FUNCTION NET SUBTOTAL	7,934,401	7,613,053	(321,348)
DEBT - PRINCIPAL	498,001	498,000	(1)
DEBT - INTEREST	150,270	150,271	1
TOTAL DEBT	648,271	648,271	(0)
TOTAL CORE FUNCTION NET	8,582,672	8,261,324	(321,348)
NON-CORE FUNCTION REVENUE			
EARNED INCOME TAX	4,921,500	4,957,049	35,549
REAL ESTATE PROPERTY TAX	1,997,165	2,032,973	35,808
REAL ESTATE TRANSFER TAX	525,000	686,792	161,792
CABLE TV FRANCHISE TAX	467,747	470,236	2,489
LOCAL SERVICES TAX	320,000	374,624	54,624
OTHER INCOME	28,076	33,682	5,606
TOTAL NON CORE FUNCTION REVENUE	8,259,488	8,555,356	295,868
NET RESULT	(323,184)	294,031	617,215

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
 ALL FUNDS DECEMBER 2016
 * NOTE: GENERAL FUND INCLUDES PASS-THROUGH ACCOUNTS

	GENERAL FUND*	LIQUID FUELS STATE FUND	SINKING FUND	TRANSPORT. FUND	SEWER OP. FUND	REFUSE FUND	SEWER SINK FUND	OPERATING RESERVE	EVENTS FUND	TOWNSHIP FUNDS	MUNICIPAL AUTHORITY
01/01/16 BEGINNING BALANCE	\$4,803,331	\$200	6,267,461	1,061,213	629,037	655,683	\$2,103,325	\$2,482,535	\$45,015	\$18,045,508	\$1,461,276
RECEIPTS											
310 TAXES	\$8,577,939	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,577,939	\$0
320 LICENSES & PERMITS	\$115,488	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$115,488	\$0
330 FINES & FORFEITS	\$101,552	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,552	\$0
340 INTERESTS & RENTS	\$129,667	\$624	\$52,177	\$2,722	\$702	\$1,351	\$2,280	\$8,068	\$12	\$197,603	\$2,545
350 INTERGOVERNMENTAL	\$135,796	\$503,447	\$330,198	\$0	\$0	\$0	\$0	\$0	\$0	\$969,442	\$0
360 CHARGES FOR SERVICES	\$839,598	\$0	\$0	\$0	\$3,351,909	\$989,996	\$0	\$0	\$0	\$5,181,503	\$50,428
380 MISCELLANEOUS REVENUES	\$1,450,498	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,450,498	\$564
390 OTHER FINANCING SOURCES	\$950,024	\$0	\$367,290	\$10,925	\$59,306	\$0	\$168,696	\$0	\$15,000	\$1,571,241	\$77,000
	\$12,300,563	\$504,071	\$749,665	\$13,647	\$3,411,917	\$991,347	\$170,976	\$8,068	\$15,012	\$18,165,266	\$130,537
EXPENDITURES											
400 GENERAL GOVERNMENT	\$1,315,370	\$0	\$19,810	\$0	\$0	\$0	\$190,437	\$0	\$0	\$1,525,617	\$0
410 PUBLIC SAFETY	\$5,963,932	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,963,932	\$0
420 HEALTH & WELFARE	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$0
426 SANITATION & REFUSE	\$130,744	\$0	\$0	\$0	\$2,530,681	\$1,030,123	\$0	\$0	\$0	\$3,691,548	\$148,071
430 HIGHWAYS,ROADS & STREETS	\$2,457,388	\$503,969	\$197,621	\$0	\$0	\$0	\$0	\$0	\$0	\$3,158,978	\$0
450 CULTURE-RECREATION	\$596,214	\$0	\$553,547	\$0	\$0	\$0	\$0	\$0	\$0	\$1,149,761	\$0
460 CONSERVATION & DEVELOPMENT	\$7,138	\$0	\$166,873	\$0	\$0	\$0	\$0	\$0	\$0	\$174,012	\$0
470 DEBT SERVICE	\$671,013	\$0	\$0	\$0	\$881,005	\$0	\$0	\$0	\$0	\$1,552,018	\$28,092
480 MISCELLANEOUS EXPENDITURES	\$42,650.03	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,650	\$0
490 OTHER FINANCING USES	\$15,000	\$0	\$0	\$0	\$77,000	\$0	\$0	\$0	\$0	\$92,000	\$0
	\$12,005,450	\$503,969	\$937,851	\$0	\$3,488,685	\$1,030,123	\$190,437	\$0	\$0	\$18,156,515	\$176,163
2016 SURPLUS/(DEFICIT)*	\$295,113	\$102	(\$188,186)	\$13,647	(\$76,769)	(\$38,776)	(\$19,461)	\$8,068	\$15,012	\$8,751	(\$45,626)
CLEARING ACCOUNT ADJUSTMENTS	\$569										
12/31/2016 ENDING BALANCE	\$5,099,013	\$302	\$6,079,276	\$1,074,859	\$552,269	\$616,907	\$2,083,864	\$2,490,604	\$60,027	\$18,057,119	\$1,415,651