

Memo

To: Board of Supervisors
From: Jon Altshul
Re: June 2017 Financial Report and 2017 Year-End Projections
Date: July 11, 2017

Net of pass-through accounts, as of June 30th, the general fund had revenues of \$6,508,848 and expenses of \$5,361,177 for a year-to-date surplus of \$1,147,671. Compared to the YTD budget, revenues were \$639,244 over budget and expenses were \$32,590 under budget for a favorable budget variance of \$671,834. As of June 30th, the general fund balance was \$5,971,307.

On the expense side, Public Works was \$28,906 under-budget due to the mild winter and the timing for storm water expenses, both of which were partially offset by under budgeting for vehicle maintenance and repair as well as an earlier than anticipated start to road work. Administration was \$36,960 over-budget due to building repairs; Codes was \$24,633 over budget due to lower than projected permit revenue. Parks and Recreation was \$44,039 over-budget due to higher than expected Park Maintenance activities. Emergency Services was \$16,248 under budget due to the timing of workers compensation reimbursements from our partner municipalities for volunteer firefighters.

On the revenue side, Real Estate Transfer Tax is now \$499,780 over budget due to the sale of a large commercial building in March; Earned Income Tax continues to have a strong year and is now \$218,505 over budget.

Other funds

- The **State Liquid Fuels Fund** had \$525,575 revenues and \$0 expenses. The fund balance was \$525,877.
- The **Sinking Fund** had \$200,013 in revenues and \$695,099 in expenses. The fund balance is \$5,584,189.
- The **Transportation Fund** had \$3,426 in revenues and \$561 in expenses. The fund balance is \$1,077,724.
- The **Sewer Operating Fund** had \$1,955,970 in revenues and \$1,592,724 in expenses. The fund balance is \$915,421.
- The **Refuse Fund** had \$562,778 in revenues and \$527,875 in expenses. The fund balance is \$651,810.
- The **Sewer Sinking Fund** had \$1,391 in revenues and \$93,660 in expenses. The fund balance is \$1,991,595.
- The **Operating Reserve Fund** had \$2,334 in revenues and no expenses. The fund balance is \$2,492,937.
- The **Events Fund** had \$8 in revenues and no expenses. The fund balance is \$60,035.

Update on Series 2017 Bonds

As you know, on the morning of July 11th, the Township held a competitive auction for \$8.24 million in general obligation bonds to fund net (after grants) costs of the Paoli Pike Trail, Park Improvements, and Improvements to the Hershey's Mill and Milltown Dam, as well as East Goshen's share of improvements at the West Goshen Sewer Treatment Plant.

It's difficult to overstate how successful the auction was. All total, six investment banks placed a total of 59 bids on our debt over a period of about 30 minutes. The winning bidder was Janney Montgomery Scott, which purchased the bonds with a True Interest Cost (Yield) of 2.778%. The "Spread to MMD", which is equivalent to the difference between the prime rate and the actual interest rate in the municipal bond market, was 23 basis points (1 basis point equals .01%), which was among the lowest spreads that our financial advisor can ever remember seeing on 20-year municipal debt in Pennsylvania. The Spread to MMD was also substantially lower than the Spread to MMD on other recent municipal bond sales from highly-rated Pennsylvania issuers over the past several months. I have included detailed information about the bond sale in your packet.

The settlement date is scheduled for August 15th, at which point the proceeds will be wired to our account.

2017 Year-End Projections

I am currently projecting that the General Fund will end 2017 with a surplus of \$91,643, due primarily to strong Real Estate Transfer Tax and Earned Income Tax receipts. Projections for other funds are reflected in the attached All Funds Year End Projections Worksheet. In particular, please note that I've included two new bond funds (one for Township; the other Sewer) that reflect the projected drawdowns on the Series 2017 debt over the next 6 months. Beginning in the Q3 financial report, I will provide the Board with more detailed drawdown schedules for the bonds on a quarterly basis.

Please also note that both the Sewer Operating and Refuse Funds are projected to perform much better than budgeted. This is largely due to a one-time bump in revenue as a result of the change in due dates in 2017.

Investments

Township Funds were yielding 0.80% on average as of June 30th, up from 0.66% three months ago. I expect this figure to increase further as a number of CDs purchased last year mature over the next few weeks. Note that I have revised the worksheet detailing the account balances and interest rates to reflect the requirements of the new IPS.

Accounts Receivable

Utilities Accounts Receivables as of June 30th increased to \$227,809 from its historic low of \$209,261 at the end of last quarter, but is still well below the highs of 2013 and 2014. Real Estate Tax Receivables as of June 30th (\$37,628) were also the lowest level they've been at this point in the year since at least 2011.

EAST GOSHEN TOWNSHIP
JUNE 2017 GENERAL FUND SUMMARY
June 30, 2017

Account Title	Annual Budget	Y-T-D Budget	Y-T-D Actual	Budget-Actual Variance
GENERAL FUND				
EMERGENCY SERVICES EXPENSES	4,520,632	2,936,642	2,938,856	2,214
PUBLIC WORKS EXPENSES	2,615,463	1,026,367	952,914	(73,453)
ADMINISTRATION EXPENSES	1,883,346	827,141	833,294	6,153
ZONING/PERMITS/CODES EXPENSES	413,748	207,358	201,412	(5,946)
PARK AND RECREATION EXPENSES	682,542	330,386	368,826	38,440
TOTAL CORE FUNCTION EXPENSES	10,115,731	5,327,894	5,295,303	(32,591)
EMERGENCY SERVICES REVENUES	61,480	33,721	52,183	18,462
PUBLIC WORKS REVENUES	1,005,147	244,848	200,302	(44,546)
ADMINISTRATION REVENUES	377,720	160,406	129,599	(30,807)
ZONING/PERMITS/CODES REVENUES	279,875	148,269	117,690	(30,579)
PARK AND RECREATION REVENUES	272,435	66,156	60,557	(5,599)
TOTAL CORE FUNCTION REVENUES	1,996,657	653,400	560,331	(93,069)
NET EMERGENCY SERVICES EXPENSES	4,459,152	2,902,921	2,886,673	(16,248)
NET PUBLIC WORKS EXPENSES	1,610,316	781,519	752,613	(28,906)
NET ADMINISTRATION EXPENSES	1,505,626	666,735	703,695	36,960
NET ZONING/PERMITS/CODES EXPENSES	133,873	59,089	83,722	24,633
NET PARK AND RECREATION EXPENSES	410,107	264,230	308,269	44,039
CORE FUNCTION NET SUBTOTAL	8,119,074	4,674,494	4,734,972	60,478
DEBT - PRINCIPAL	520,999	0	0	0
DEBT - INTEREST	129,198	65,873	65,874	1
TOTAL DEBT	650,197	65,873	65,874	1
TOTAL CORE FUNCTION NET	8,769,271	4,740,367	4,800,846	60,479
NON-CORE FUNCTION REVENUE				
EARNED INCOME TAX	4,916,400	2,533,909	2,752,414	218,505
REAL ESTATE PROPERTY TAX	2,027,128	1,986,830	1,992,758	5,928
REAL ESTATE TRANSFER TAX	525,000	262,500	762,280	499,780
CABLE TV FRANCHISE TAX	473,690	236,844	240,456	3,612
LOCAL SERVICES TAX	348,000	180,429	175,001	(5,428)
OTHER INCOME	40,341	15,692	25,608	9,916
TOTAL NON CORE FUNCTION REVENUE	8,330,559	5,216,204	5,948,517	732,313
NET RESULT	(438,712)	475,837	1,147,671	671,834

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
ALL FUNDS JUNE 2017
 * 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
01/01/17 BEGINNING BALANCE	\$5,099,106	\$302	6,079,275	1,074,859	552,175	616,907	\$2,083,864	\$2,490,604	\$60,027	\$18,057,119	\$1,415,651
RECEIPTS											
310 TAXES	\$5,960,796	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,960,796	\$0
320 LICENSES & PERMITS	\$14,226	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,226	\$0
330 FINES & FORFEITS	\$24,785	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,785	\$0
340 INTERESTS & RENTS	\$78,336	\$65	\$9,009	\$2,634	\$438	\$2,467	\$1,391	\$2,334	\$8	\$96,681	\$4,394
350 INTERGOVERNMENTAL	\$50	\$525,511	\$191,005	\$0	\$0	\$0	\$0	\$0	\$0	\$716,566	\$0
360 CHARGES FOR SERVICES	\$201,079	\$0	\$0	\$0	\$1,943,658	\$560,311	\$0	\$0	\$0	\$2,705,048	\$5,692
380 MISCELLANEOUS REVENUES	\$437,035	\$0	\$0	\$793	\$11,874	\$0	\$0	\$0	\$0	\$449,701	\$0
390 OTHER FINANCING SOURCES	\$170,645	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$170,645	\$65,000
	\$6,886,951	\$525,575	\$200,013	\$3,426	\$1,955,970	\$562,778	\$1,391	\$2,334	\$8	\$10,138,447	\$75,086
EXPENDITURES											
400 GENERAL GOVERNMENT	\$683,065	\$0	\$255,021	\$0	\$0	\$0	\$93,660	\$0	\$0	\$1,031,746	\$0
410 PUBLIC SAFETY	\$3,681,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,681,136	\$0
420 HEALTH & WELFARE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
426 SANITATION & REFUSE	\$53,292	\$0	\$0	\$0	\$1,013,071	\$527,875	\$0	\$0	\$0	\$1,594,238	\$308,759
430 HIGHWAYS,ROADS & STREETS	\$772,800	\$0	\$155,519	\$561	\$0	\$0	\$0	\$0	\$0	\$928,880	\$0
450 CULTURE-RECREATION	\$330,627	\$0	\$107,806	\$0	\$0	\$0	\$0	\$0	\$0	\$438,433	\$0
460 CONSERVATION & DEVELOPMENT	\$2,199	\$0	\$176,754	\$0	\$0	\$0	\$0	\$0	\$0	\$178,953	\$0
470 DEBT SERVICE	\$86,988	\$0	\$0	\$0	\$514,653	\$0	\$0	\$0	\$0	\$601,641	\$0
480 MISCELLANEOUS EXPENDITURES	\$405,511	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$405,511	\$0
490 OTHER FINANCING USES	\$0	\$0	\$0	\$0	\$65,000	\$0	\$0	\$0	\$0	\$65,000	\$0
	\$6,015,619	\$0	\$695,099	\$561	\$1,592,724	\$527,875	\$93,660	\$0	\$0	\$8,925,539	\$308,759
2017 SURPLUS/(DEFICIT)*	871,332	\$525,575	(\$495,086)	\$2,865	\$363,246	\$34,903	(\$92,269)	\$2,334	\$8	\$1,212,908	(\$233,673)
CLEARING ACCOUNT ADJUSTMENTS	\$869										
6/30/2017 ENDING BALANCE	\$5,971,307	\$525,877	\$5,584,189	\$1,077,724	\$915,421	\$651,810	\$1,991,595	\$2,492,937	\$60,035	\$19,270,895	\$1,181,977

EAST GOSHEN TOWNSHIP
2017 YEAR-END PROJECTION SUMMARY
June 30, 2017

Account Title	2017 Budget	2017 Y/E Projection	Projected Variance
GENERAL FUND			
EMERGENCY SERVICES EXPENSES	4,520,632	4,523,632	3,000
PUBLIC WORKS EXPENSES	2,615,463	2,578,921	(36,542)
ADMINISTRATION EXPENSES	1,883,346	1,906,360	23,014
ZONING/PERMITS/CODES EXPENSES	413,748	411,377	(2,371)
PARK AND RECREATION EXPENSES	682,542	677,614	(4,928)
TOTAL CORE FUNCTION EXPENSES	10,115,731	10,097,904	(17,827)
EMERGENCY SERVICES REVENUES	61,480	66,799	5,319
PUBLIC WORKS REVENUES	1,005,147	988,413	(16,734)
ADMINISTRATION REVENUES	377,720	374,563	(3,157)
ZONING/PERMITS/CODES REVENUES	279,875	254,578	(25,297)
PARK AND RECREATION REVENUES	272,435	219,399	(53,036)
TOTAL CORE FUNCTION REVENUES	1,996,657	1,903,752	(92,905)
NET EMERGENCY SERVICES EXPENSES	4,459,152	4,456,833	(2,319)
NET PUBLIC WORKS EXPENSES	1,610,316	1,590,508	(19,808)
NET ADMINISTRATION EXPENSES	1,505,626	1,531,797	26,171
NET ZONING/PERMITS/CODES EXPENSES	133,873	156,799	22,926
NET PARK AND RECREATION EXPENSES	410,107	458,215	48,108
CORE FUNCTION NET SUBTOTAL	8,119,074	8,194,152	75,078
DEBT - PRINCIPAL	520,999	520,999	0
DEBT - INTEREST	129,198	130,382	1,184
TOTAL DEBT	650,197	651,381	1,184
TOTAL CORE FUNCTION NET	8,769,271	8,845,533	76,262
NON-CORE FUNCTION REVENUE			
EARNED INCOME TAX	4,916,400	5,080,000	163,600
REAL ESTATE PROPERTY TAX	2,027,128	2,019,935	(7,193)
REAL ESTATE TRANSFER TAX	525,000	950,000	425,000
CABLE TV FRANCHISE TAX	473,690	480,000	6,310
LOCAL SERVICES TAX	348,000	344,900	(3,100)
OTHER INCOME	40,341	62,341	22,000
TOTAL NON CORE FUNCTION REVENUE	8,330,559	8,937,176	606,617
NET RESULT	(438,712)	91,643	

JUNE 2017--2017 YEAR-END PROJECTIONS
ALL FUNDS JUNE 2017
 * 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	TWP BOND FUND (NEW)	SEWER BOND FUND (NEW)	OPERATING RESERVE	EVENTS FUND	TOWNSHIP FUNDS	MUNICIPAL AUTHORITY
01/01/17 BEGINNING BALANCE	\$5,099,106	\$302	6,079,275	1,074,859	552,175	616,907	\$2,083,864	\$0	\$0	\$2,490,604	\$60,027	\$18,057,119	\$1,415,651
RECEIPTS													
310 TAXES	\$8,966,935	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,966,935	\$0
320 LICENSES & PERMITS	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,000	\$0
330 FINES & FORFEITS	\$39,402	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,402	\$0
340 INTERESTS & RENTS	\$159,727	\$5,203	\$37,000	\$4,000	\$600	\$4,900	\$247,000	\$0	\$0	\$15,500	\$12	\$473,942	\$6,500
350 INTERGOVERNMENTAL	\$142,586	\$525,511	\$541,005	\$257,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,466,602	\$0
360 CHARGES FOR SERVICES	\$753,698	\$0	\$0	\$0	\$3,631,506	\$1,047,000	\$0	\$0	\$0	\$0	\$0	\$5,432,205	\$16,000
380 MISCELLANEOUS REVENUES	\$1,437,425	\$0	\$0	\$793	\$11,874	\$0	\$0	\$0	\$0	\$0	\$0	\$1,450,091	\$0
390 OTHER FINANCING SOURCES	\$1,012,770	\$0	\$958,688	\$0	\$0	\$0	\$0	\$5,310,000	\$2,840,000	\$0	\$0	\$10,121,458	\$100,755
	\$12,521,544	\$530,713	\$1,536,693	\$262,293	\$3,643,980	\$1,051,900	\$247,000	\$5,310,000	\$2,840,000	\$15,500	\$12	\$27,959,634	\$123,255
EXPENDITURES													
400 GENERAL GOVERNMENT	\$1,580,669	\$0	\$714,751	\$0	\$0	\$0	\$110,000	\$0	\$0	\$0	\$0	\$2,405,420	\$0
410 PUBLIC SAFETY	\$6,308,327	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,308,327	\$0
420 HEALTH & WELFARE	\$106,644	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,644	\$0
426 SANITATION & REFUSE		\$0	\$0	\$0	\$2,560,397	\$1,072,825	\$0	\$0	\$0	\$0	\$0	\$3,633,222	\$600,000
430 HIGHWAYS,ROADS & STREETS	\$2,267,141	\$530,713	\$276,557	\$515,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,589,411	\$0
450 CULTURE-RECREATION	\$635,386	\$0	\$714,000	\$0	\$0	\$0	\$0	\$438,785	\$0	\$0	\$0	\$1,788,171	\$0
460 CONSERVATION & DEVELOPMENT	\$4,485	\$0	\$245,000	\$0	\$0	\$0	\$0	\$1,178,183	\$0	\$0	\$0	\$1,427,668	\$0
470 DEBT SERVICE	\$672,496	\$0	\$0	\$0	\$882,828	\$0	\$0	\$0	\$0	\$0	\$0	\$1,555,324	\$0
480 MISCELLANEOUS EXPENDITURES	\$854,752	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$854,752	\$0
490 OTHER FINANCING USES		\$0	\$0	\$0	\$100,755	\$0	\$0	\$0	\$0	\$0	\$60,039	\$160,794	\$0
	\$12,429,900	\$530,713	\$1,950,308	\$515,000	\$3,543,980	\$1,072,825	\$110,000	\$1,616,968	\$0	\$0	\$60,039	\$21,829,733	\$600,000
2017 SURPLUS/(DEFICIT)*	91,643	\$0	(\$413,615)	(\$252,708)	\$100,000	(\$20,925)	\$137,000	\$3,693,032	\$2,840,000	\$15,500	(\$60,027)	\$6,129,901	(\$476,745)
5/31/2017 ENDING BALANCE	\$5,190,749	\$302	\$5,665,660	\$822,152	\$652,175	\$595,982	\$2,220,864	\$3,693,032	\$2,840,000	\$2,506,104	\$0	\$24,187,019	\$938,906