

Memo

To: Board of Supervisors
From: Jon Altshul
Re: 2017 Year-End Financial Report
Date: January 8, 2017

Net of pass-through accounts, as of December 31st, the general fund had revenues of \$10,972,558 and expenses of \$10,542,983 for a surplus of \$429,576. Compared to the YTD budget, revenues were \$645,342 over budget and expenses were \$222,945 under budget for a favorable budget variance of \$868,288. As of December 31st, the general fund balance was \$5,531,289.

On the expense side, Public Works was under budget by \$115,323 on account of the mild snowfall and lower than expected storm water expenses. Administration was \$85,722 under budget due to deferring the vehicle wash bay and storefront projects until 2018. Emergency Services was \$12,763 over budget due to higher than expected workers compensation costs for volunteer firefighters, which we are required to pay for pursuant to Section 1512 of the Second Class Township Code. Codes was \$27,237 over budget due to lower than expected permit revenue. Parks & Recreation was \$53,223 over budget due to park maintenance personnel costs.

On the revenue side, Real Estate Transfer Tax finished \$684,969 over budget due to the sale of a large commercial building in March and continued strong residential sales throughout the year; Earned Income Tax finished the year \$63,500 over budget. Other Income, which includes interest income, finished the year \$29,354 over budget due to rising interest rates.

Other funds

- The **State Liquid Fuels Fund** had \$531,073 in revenues and \$530,873 in expenses. The fund balance was \$502.
- The **Sinking Fund** had \$1,162,633 in revenues and \$1,217,877 in expenses. The fund balance is \$6,024,031.
- The **Transportation Fund** had \$6,881 in revenues and \$2,583 in expenses. The fund balance is \$1,079,157.
- The **Sewer Operating Fund** had \$3,730,640 in revenues and \$3,396,144 in expenses. This surplus is a one-time anomaly due to having five due dates in 2017. The fund balance is \$886,672.
- The **Refuse Fund** had \$1,053,086 in revenues and \$1,055,865 in expenses, despite the fact that we did not receive any Act 101/Section 904 funding from the state this year. The fund balance is \$614,128.
- The **Bond Fund** had \$8,126,213 in revenues and \$789,890 in expenses. The fund balance is \$7,336,323.
- The **Sewer Sinking Fund** had \$223,438 in revenues and \$144,623 in expenses. The fund balance is \$2,162,678.
- The **Operating Reserve Fund** had \$13,751 in revenues and no expenses. The fund balance is \$2,504,354.

2017 Series GO Bonds

As of December 31st, \$789,900 had been drawn down on the 2017 bond proceeds, or 9.41% of the total proceeds. Note that we must have drawn down 10% of the proceeds by mid-February to be eligible for an exemption from the interest rate arbitrage requirement. However, even if we meet this threshold—which is very likely—it is much less likely that we will have spent 45% of the proceeds by August 15th,

2018 (the one-year anniversary of the closing), which is the next benchmark. Breaching the arbitrage exemption threshold isn't a problem per se, but it will require us to work closely with PLGIT to calculate any arbitrage refund that might be due to the IRS in the future.

Accounts Receivable

Utilities receivables stood at \$232,782 as of December 31st, which is essentially unchanged from three months earlier. Real estate tax receivables were \$9,652, which is somewhat higher than what's it's been over the last 3 years.

Yield

The average yield on Township funds is 1.05%. Rates have been on a steady upwards trajectory, with one-year CDs and term deposits yielding 1.8%-1.9%. The yield curve is very flat right now and 6-month rates are only nominally lower than 12-month rates.

EAST GOSHEN TOWNSHIP
2017 YEAR-END UNAUDITED GENERAL FUND SUMMARY
As of December 31, 2017

Account Title	2017 Budget	2017 Actual	Variance
EMERGENCY SERVICES EXPENSES	4,520,632	4,543,688	(23,056)
PUBLIC WORKS EXPENSES	2,615,463	2,435,170	180,293
ADMINISTRATION EXPENSES	1,883,346	1,796,221	87,125
CODES EXPENSES	413,748	424,069	(10,321)
PARK AND RECREATION EXPENSES	682,542	675,456	7,086
TOTAL CORE FUNCTION EXPENSES	10,115,731	9,874,603	241,128
EMERGENCY SERVICES REVENUES	61,480	71,773	10,293
PUBLIC WORKS REVENUES	1,005,147	940,177	(64,970)
ADMINISTRATION REVENUES	377,720	376,317	(1,403)
CODES REVENUES	279,875	262,958	(16,917)
PARK AND RECREATION REVENUES	272,435	212,125	(60,310)
TOTAL CORE FUNCTION REVENUES	1,996,657	1,863,351	(133,307)
NET EMERGENCY SERVICES	4,459,152	4,471,915	(12,763)
NET PUBLIC WORKS	1,610,316	1,494,993	115,323
NET ADMINISTRATION	1,505,626	1,419,904	85,722
NET CODES	133,873	161,110	(27,237)
NET PARK AND RECREATION	410,107	463,330	(53,223)
CORE FUNCTION NET SUBTOTAL	8,119,074	8,011,253	107,821
DEBT - PRINCIPAL	520,999	521,000	(1)
DEBT - INTEREST	129,198	147,380	(18,182)
TOTAL DEBT	650,197	668,380	(18,183)
TOTAL CORE FUNCTION NET	8,769,271	8,679,632	89,639
NON-CORE FUNCTION REVENUE			
EARNED INCOME TAX	4,916,400	4,979,900	63,500
REAL ESTATE PROPERTY TAX	2,027,128	2,028,636	1,508
REAL ESTATE TRANSFER TAX	525,000	1,209,969	684,969
CABLE TELEVIS.FRANCHISE	473,690	476,562	2,872
LOCAL SERVICES TAX	348,000	344,447	(3,553)
OTHER INCOME	40,341	69,695	29,354
TOTAL NON CORE FUNCTION REVENUE	8,330,559	9,109,208	778,649
NET RESULT	(438,712)	429,576	868,288

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
ALL FUNDS DECEMBER 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	BOND FUND
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	0
RECEIPTS												
310 TAXES	\$9,089,293	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,089,293	\$0	\$0
320 LICENSES & PERMITS	\$32,697	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,697	\$0	\$0
330 FINES & FORFEITS	\$44,375	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,375	\$0	\$0
340 INTERESTS & RENTS	\$167,719	\$5,562	\$48,310	\$5,296	\$1,084	\$5,481	\$223,438	\$13,751	\$31	\$470,671	\$10,361	\$28,728
350 INTERGOVERNMENTAL	\$137,931	\$525,511	\$291,005	\$0	\$0	\$0	\$0	\$0	\$0	\$954,447	\$0	\$0
360 CHARGES FOR SERVICES	\$614,748	\$0	\$0	\$0	\$3,660,602	\$1,047,605	\$0	\$0	\$0	\$5,322,955	\$9,128	\$0
380 MISCELLANEOUS REVENUES	\$1,542,148	\$0	\$10,000	\$1,585	\$12,967	\$0	\$0	\$0	\$0	\$1,566,700	\$564	\$0
390 OTHER FINANCING SOURCES	\$960,455	\$0	\$813,318	\$0	\$55,988	\$0	\$0	\$0	\$0	\$1,829,761	\$185,000	\$8,097,485
	\$12,589,367	\$531,073	\$1,162,633	\$6,881	\$3,730,640	\$1,053,086	\$223,438	\$13,751	\$31	\$19,310,900	\$205,053	\$8,126,213
EXPENDITURES												
400 GENERAL GOVERNMENT	\$1,414,610	\$0	\$309,072	\$0	\$0	\$0	\$144,623	\$0	\$0	\$1,868,305	\$0	\$0
410 PUBLIC SAFETY	\$6,303,178	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,303,178	\$0	\$0
420 HEALTH & WELFARE	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$0	\$0
426 SANITATION & REFUSE	\$109,985	\$0	\$0	\$0	\$2,220,194	\$1,055,865	\$0	\$0	\$0	\$3,386,043	\$1,422,384	\$0
430 HIGHWAYS,ROADS & STREETS	\$2,117,648	\$530,873	\$217,759	\$2,583	\$0	\$0	\$0	\$0	\$0	\$2,868,862	\$0	\$0
450 CULTURE-RECREATION	\$609,037	\$0	\$485,664	\$0	\$0	\$0	\$0	\$0	\$0	\$1,094,701	\$0	\$789,890
460 CONSERVATION & DEVELOPMENT	\$4,283	\$0	\$205,382	\$0	\$0	\$0	\$0	\$0	\$0	\$209,666	\$0	\$0
470 DEBT SERVICE	\$691,345	\$0	\$0	\$0	\$990,950	\$0	\$0	\$0	\$0	\$1,682,296	\$55,988	\$0
480 MISCELLANEOUS EXPENDITURES	\$902,086	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$902,086	\$0	\$0
490 OTHER FINANCING USES	\$0	\$0	\$0	\$0	\$185,000	\$0	\$0	\$0	\$60,058	\$245,058	\$0	\$0
	\$12,158,174	\$530,873	\$1,217,877	\$2,583	\$3,396,144	\$1,055,865	\$144,623	\$0	\$60,058	\$18,566,196	\$1,478,372	\$789,890
2017 SURPLUS/(DEFICIT)*	431,193	\$201	(\$55,244)	\$4,298	\$334,496	(\$2,779)	\$78,815	\$13,751	(\$60,027)	\$744,704	(\$1,273,319)	\$7,336,323
CLEARING ACCOUNT ADJUSTMENTS	\$990											
12/31/2017 ENDING BALANCE	\$5,531,289	\$502	\$6,024,031	\$1,079,157	\$886,671	\$614,128	\$2,162,678	\$2,504,354	\$0	\$18,802,812	\$142,331	\$7,336,323