

Memo

To: Board of Supervisors
From: Jon Altshul
Re: June 2018 Financial Report
Date: July 11, 2018

Net of pass-through accounts, as of June 30th, the general fund had revenues of \$6,103,971 and expenses of \$4,998,942 for a year-to-date surplus of \$1,105,029. Compared to the YTD budget, revenues were \$47,216 over budget and expenses were \$256,850 under budget for a positive budget variance of \$304,066. As of June 30th, the general fund balance was \$6,234,979.

On the expense side, Administration, Parks & Recreation and Public Works are all under budget, while Emergency Services (+\$16,682) and Codes are slightly over budget (+\$18,565). Public Works, in particular, is \$180,577 under budget, due to the timing of storm water expenses and road work, despite being over budget by \$72,159 for snow removal. Administration is \$46,788 under budget due to unexpected insurance proceeds and lower-than-expected insurance premiums. Parks and Recreation is \$56,440 under budget due to lower-than-expected costs for the Marydell Pond project. Emergency Services is over-budget due to a delay in invoicing Westtown, West Goshen and Willistown for their proportionate share of workers comp premiums for volunteer firefighters (this was rectified in July). Codes is over-budget due to higher-than-expected legal costs and the lack of large commercial permit activity.

On the revenue side, Earned Income Tax (+\$27,492), Real Estate Property Tax (+\$18,933), Real Estate Transfer Tax (+\$14,730) and Other Income (i.e. Interest; +\$6,982) were all over budget, while Cable Franchise revenue remains \$12,829 under budget presumably due to "cord cutting". Local Services Tax is right on budget.

Other funds

- The **State Liquid Fuels Fund** had \$553,313 in revenues and \$0 expenses. The fund balance was \$553,815.
- The **Capital Reserve Fund** had \$36,310 in revenues and \$883,593 in expenses. The fund balance is \$5,176,748. Note that the 2004 street sweeper sold on July 5th for \$40,150.
- The **Transportation Fund** had \$3,827 in revenues and \$596 in expenses. The fund balance is \$1,082,388.
- The **Sewer Operating Fund** had \$1,702,402 in revenues and \$1,834,160 in expenses. The fund balance is \$754,914.
- The **Refuse Fund** had \$583,136 in revenues and \$529,249 in expenses. The fund balance is \$668,016.
- The **Bond Fund** had \$53,007 in revenues and \$577,886 in expenses. The fund balance is \$6,811,444. 16.9% of the proceeds of the bonds have been expended, meaning that we will not meet IRS's threshold for an exemption from the arbitrage rebate requirement, which requires 45% of bond proceeds to be spent within the first 12 months. PFM will be assisting us in calculating any rebate liability.
- The **Sewer Capital Reserve Fund** had \$8,407 in revenues and \$18,858 in expenses. The fund balance is \$2,152,228.
- The **Operating Reserve Fund** had \$17,199 in revenues and no expenses. The fund balance is \$2,521,553.

Year-End Projections

I am conservatively projecting that the General Fund will finish the year with a deficit of \$308,050. Because the 2018 budget was adopted with a transfer from fund balance of \$395,066, this projection assumes that the general fund will still finish the year under budget. The only operating department that I am projecting to finish under budget is Parks & Recreation due to cost savings associated with performing the Marydell Pond dredging in-house. On the revenue side, I can safely project modest overages for real estate tax (+\$12,711, due to interim bills), earned income tax (+\$15,000) and real estate transfer tax (+\$50,000, on account of a commercial sale in April and strong residential sales in June). Cable Franchise Fees should be about \$25,000 under budget.

Among other funds, I am projecting small surpluses across the board, as summarized below:

- Capital Reserve Fund: +\$112,386, with the caveat that there are a number of factors that are hard to project, including whether the Wash Bay and the storefront projects will be complete by the end of the year.
- Transportation Fund: +6,600
- Sewer Operating Fund: +\$7,001
- Refuse Fund: +\$17,971
- Sewer Capital Reserve Fund: +\$79,000

I am—very optimistically—projecting that the balance of the bond fund will be drawn down a further \$1.73 million to \$5,080,160 by December 31st, although that figure is especially difficult to project at this point.

Accounts Receivable

Real estate tax receivables (\$37,366) are slightly below last year's levels, and well below 2011-2013 levels. Utilities receivables (\$219,215) have ticked up about \$15,000 since March 31st, but are still near recent lows.

Cash Management

Township funds are now yielding 1.81%, compared with 1.34% three months ago. Rates have moved up considerably over that period of time and the yield curve is currently favoring short-term securities. As a result, I have been placing as many 3-month CDs and PLGIT-TERM investments as possible. The average time until maturity of timed securities is 78.5 days. Even the liquid funds are yielding in excess of 2%, so I would expect the average yield to continue to increase as older securities continue to mature.

**EAST GOSHEN TOWNSHIP
GENERAL FUND SUMMARY
As of June 30, 2018**

Account Title	Annual Budget	YTD Budget	YTD Actual	Variance
EMERGENCY SERVICES EXPENSES	4,101,440	2,581,288	2,556,803	24,485
PUBLIC WORKS EXPENSES	2,637,576	1,074,876	905,717	169,159
ADMINISTRATION EXPENSES	2,218,972	875,309	873,581	1,728
CODES EXPENSES	465,911	235,642	240,905	(5,263)
PARK AND RECREATION EXPENSES	690,256	362,614	295,873	66,741
TOTAL CORE FUNCTION EXPENSES	10,114,155	5,129,729	4,872,878	256,851
EMERGENCY SERVICES REVENUES	77,628	58,626	17,459	(41,167)
PUBLIC WORKS REVENUES	1,010,195	226,463	237,880	11,417
ADMINISTRATION REVENUES	334,024	133,164	178,225	45,061
CODES REVENUES	259,725	138,742	125,440	(13,302)
PARK AND RECREATION REVENUES	140,976	67,663	57,362	(10,301)
TOTAL CORE FUNCTION REVENUES	1,822,548	624,658	616,366	(8,292)
NET EMERGENCY SERVICES	4,023,812	2,522,662	2,539,344	(16,682)
NET PUBLIC WORKS	1,627,381	848,413	667,836	180,577
NET ADMINISTRATION	1,884,948	742,145	695,357	46,788
NET CODES	206,186	96,900	115,465	(18,565)
NET PARK AND RECREATION	549,280	294,951	238,511	56,440
CORE FUNCTION NET SUBTOTAL	8,291,607	4,505,071	4,256,513	248,558
DEBT - PRINCIPAL	549,000	-	-	0
DEBT - INTEREST	249,458	126,063	126,064	(1)
TOTAL DEBT	798,458	126,063	126,064	(1)
TOTAL CORE FUNCTION NET	9,090,065	4,631,134	4,382,576	248,558
NON-CORE FUNCTION REVENUE				
EARNED INCOME TAX	5,181,600	2,698,156	2,725,648	27,492
REAL ESTATE PROPERTY TAX	2,026,129	1,991,616	2,010,549	18,933
REAL ESTATE TRANSFER TAX	575,000	287,500	302,230	14,730
CABLE TELEVIS.FRANCHISE	489,600	244,800	231,971	(12,829)
LOCAL SERVICES TAX	348,000	176,832	177,031	199
OTHER INCOME	469,736	33,193	40,175	6,982
TOTAL NON CORE FUNCTION REVENUE	9,090,065	5,432,097	5,487,605	55,508
NET RESULT	0	800,963	1,105,029	304,066

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")

ALL FUNDS JUNE 30, 2018

* NOTE: GENERAL FUND INCLUDES PASS-THROUGH ACCOUNTS

	GENERAL FUND*	LIQUID FUELS STATE FUND	CAP RESV FUND	TRANSPORT. FUND	SEWER OP. FUND	REFUSE FUND	SEWER CAP RESV FUND	OPERATING RESERVE	TOWNSHIP FUNDS	MUNICIPAL AUTHORITY	BOND FUND
01/01/18 BEGINNING BALANCE	\$5,531,289	\$502	6,024,031	1,079,157	886,672	614,128	\$2,162,678	\$2,504,354	\$18,057,119	\$142,331	7,336,323
RECEIPTS											
310 TAXES	\$5,266,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,266,955	\$0	\$0
320 LICENSES & PERMITS	\$236,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$236,031	\$0	\$0
330 FINES & FORFEITS	\$21,375	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,375	\$0	\$0
340 INTERESTS & RENTS	\$93,749	\$2	\$32,082	\$3,827	\$4,213	\$4,505	\$8,407	\$17,199	\$163,984	\$557	\$53,007
350 INTERGOVERNMENTAL	\$32,667	\$553,311	\$0	\$0	\$0	\$0	\$0	\$0	\$585,978	\$0	\$0
360 CHARGES FOR SERVICES	\$204,962	\$0	\$0	\$0	\$1,698,189	\$578,631	\$0	\$0	\$2,481,782	\$1,128	\$0
380 MISCELLANEOUS REVENUES	\$516,456	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$516,456	\$564	\$0
390 OTHER FINANCING SOURCES	\$203,958	\$0	\$4,228	\$0	\$0	\$0	\$0	\$0	\$208,186	\$60,071	\$0
	\$6,576,154	\$553,313	\$36,310	\$3,827	\$1,702,402	\$583,136	\$8,407	\$17,199	\$9,480,748	\$62,320	\$53,007
EXPENDITURES											
400 GENERAL GOVERNMENT	\$715,608	\$0	\$36,553	\$0	\$0	\$0	\$0	\$0	\$752,161	\$0	\$0
410 PUBLIC SAFETY	\$3,530,608	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,530,608	\$0	\$0
420 HEALTH & WELFARE	\$55,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55,862	\$0	\$0
426 SANITATION & REFUSE	\$0	\$0	\$0	\$0	\$1,218,697	\$529,249	\$18,858	\$0	\$1,766,804	\$179,570	\$0
430 HIGHWAYS,ROADS & STREETS	\$726,299	\$0	\$517,101	\$596	\$0	\$0	\$0	\$0	\$1,243,996	\$0	\$0
450 CULTURE-RECREATION	\$253,080	\$0	\$316,787	\$0	\$0	\$0	\$0	\$0	\$569,867	\$0	\$577,886
460 CONSERVATION & DEVELOPMENT	\$2,294	\$0	\$13,153	\$0	\$0	\$0	\$0	\$0	\$15,447	\$0	\$0
470 DEBT SERVICE	\$147,776	\$0	\$0	\$0	\$555,463	\$0	\$0	\$0	\$703,239	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$457,193	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$457,193	\$0	\$0
490 OTHER FINANCING USES	\$71	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0	\$60,071	\$71	\$0
	\$5,888,792	\$0	\$883,593	\$596	\$1,834,160	\$529,249	\$18,858	\$0	\$9,155,248	\$179,641	\$577,886
2018 SURPLUS/(DEFICIT)*	\$687,362	\$553,313	(\$847,283)	\$3,231	(\$131,758)	\$53,888	(\$10,451)	\$17,199	\$325,500	(\$117,321)	(\$524,879)
CLEARING ACCOUNT ADJUSTMENTS	\$16,328										
06/30/2018 ENDING BALANCE	\$6,234,979	\$553,815	\$5,176,748	\$1,082,388	\$754,914	\$668,016	\$2,152,228	\$2,521,553	\$19,144,641	\$25,010	\$6,811,444