

# Memo

---

To: Board of Supervisors  
From: Jon Altshul  
Re: June 2019 Financial Report  
Date: July 9, 2019

---

As of June 30<sup>th</sup>, net of pass throughs, the general fund had revenues of \$6,279,015 and expenses of \$5,341,171 for a year-to-date surplus of \$937,844. Compared to the year-to-date budget, revenues were \$121,490 over budget, and expenses were \$113,010 under budget for a positive budget variance of \$234,500. As of June 30<sup>th</sup>, the general fund balance was \$6,189,483.

On the expense side, all operating departments were under-budget.

On the revenue side, Earned Income tax is now clearly under-budget (-\$93,590, -3.3%), impacted in part by two larger than usual EIT refunds totaling about \$35,000. Real Estate Transfer Tax is well over budget (+\$117,010; +40.0%) due to the sale of a large apartment building in March and continued strong residential sales activity. Other Income (Interest) is performing well and is now \$36,076 over-budget (+83.8%). However, Local Services Tax is clearly under-performing (-\$13,965 or -7.7%).

Note that the Q2 Firefighter reimbursement was received in early July, so on a cash basis, the Pass-Through report does not balance and the General Fund balance is lower than it would otherwise be by about \$429,365.

## Other funds

- The **State Liquid Fuels Fund** had \$565,101 in revenues and \$0 in expenses. The fund balance is \$566,872.
- The **Capital Reserve Fund** had \$72,617 in revenues and \$664,066 in expenses. The fund balance was \$5,368,409.
- The **Transportation Fund** had \$5,356 in revenues and \$418 in expenses. The fund balance was \$1,093,385.
- The **Sewer Operating Fund** had \$1,723,583 in revenues and \$1,857,098 in expenses. The fund balance was \$815,429.
- The **Refuse Fund** had \$515,963 in revenues and \$546,925 in expenses. The fund balance was \$636,187.
- The **Bond Fund** had \$71,790 in revenues and \$930,803 in expenses. The fund balance was \$5,509,295.
- The **Sewer Capital Reserve Fund** had \$27,299 in revenues and \$63,411 in expenses. The fund balance is \$2,217,481.
- The **Operating Reserve Fund** had \$11,506 in revenues and no expenses. The fund balance is \$2,556,910.

## Year End Projections

It is close to impossible to forecast the 2019 year-end projections until the police arbitration is concluded. If we take arbitration out of the mix, we appear to be having a strong year financially. For perspective, the budget was balanced with a transfer from fund balance, or deficit, of \$325,518. Not including an arbitration award, we are on track to finish the year with a \$220,720 deficit, or \$104,798 under-budget. As a worst-case scenario, my projection reflects an arbitration award over the adopted

Police budget of \$451,345 retroactive to the beginning of 2019, of which a square \$250,000 would be East Goshen's share. An award at this level would correspond with a deficit of \$470,720. Ideally, the arbitration award will be less than this amount; however, obviously this figure is unknowable at this time.

Excluding the police issue, the better than budgeted figures primarily reflect the decision in December 2018 not to hire a fire inspector. Otherwise, modest departmental savings were offset by substantially higher than expected costs for the storefront, which as a new asset needs to be borne by the General Fund. Of course, the cost of the wash bay was also substantially over-budget; however, fortunately last year, the Board was agreeable to using surplus funds in the Capital Reserve Fund to absorb this cost. On the revenue side, higher than expected Interest Income and Real Estate Transfer Tax are largely being offset by lower than expected Earned Income Tax revenues.

Projections for Other Funds are summarized below:

- The **State Liquid Fuels Fund** is forecast to have \$574,000 in revenues and expenses, or \$11,786 more than budget due to a higher than anticipated SLF allocation in 2019.
- The **Capital Reserve Fund** is forecast to have \$875,575 in revenues (compared to a budget of \$753,575) and \$1,281,631 in expenses (compared to \$1,014,500 budgeted) for a negative budget variance of \$267,131. The drivers of this overage were the deferral and higher-than-expected costs of the vestibule and wash bay projects, which are being partially offset by the likely deferral of the Hershey Mill Dam breaching until 2020.
- The **Transportation Fund** is forecast to have a negative budget variance of \$262,992 due to our share of the Boot Road restriping project (which was not budgeted) and higher than expected costs for the Hibberd Lane/Paoli Pike traffic signal.
- The **Sewer Operating Fund** is forecast to have a negative budget variance of \$48,530, due to higher than expected costs for flow meters, although depending on the timing of some projects, this fund could come in well under budget.
- The **Refuse Fund** is forecast to finish the year with a positive budget variance of \$1,000, but still run a deficit of \$144,578.
- The **Sewer Capital Reserve Fund** is forecast to have a positive budget variance of \$44,000 due to lower than expected costs for the Ridley Creek Treatment Plant replacement generator.
- The **Operating Reserve Fund** is forecast to have a positive budget variance of \$3,000 due to interest income.

### Yield

The average yield on Township funds is 2.28%, which is about the same as a quarter ago. The average time until maturity on illiquid investments, however, is now 219 days, compared with 85 a quarter ago. The reason for this is that I have started to place more CDs and TERM investments at existing rates in anticipation of upcoming rate cuts.

### Accounts Receivable

Utilities A/R (\$176,254) was slightly higher than three months ago, but still bouncing around near its recent lows. Tip of the cap to Chris Boylan, who has been doing yeoman's work for stepping in to manage collections during a prolonged vacancy in the Finance Department. Real Estate Tax receivables (\$48,963) were higher than they've been since 2013, which is something to keep an eye on and could indicate elevated levels of customer stress.

**Paymentus Sewer/Refuse Payment Portal**

The Paymentus sewer/refuse payment portal should be live by the time this report is presented. The portal will be linked to the Township's home page. At this point, we are doing a "soft launch", meaning that we do not plan to actively market the portal until after Labor Day, when the volume of Q3 payments tapers off (the deadline is August 31<sup>st</sup>). Delaying the marketing push will allow staff to work out any kinks in the system and gain day-to-day familiarity with processing payments through a different platform before Q4 bills go out on October 15<sup>th</sup>.

**July Report**

Please note that the July financial report will be presented at the September 4<sup>th</sup> meeting due to scheduled vacation plans. My apologies about any inconvenience

**EAST GOSHEN TOWNSHIP  
GENERAL FUND SUMMARY  
As of June 30, 2019**

Account Title	2019 Annual Budget	2019 YTD Budget	2019 YTD Actual	\$ Variance	% Variance
EMERGENCY SERVICES EXPENSES	4,290,164	2,711,425	2,658,097	(53,328)	-2.0%
PUBLIC WORKS EXPENSES	2,633,542	1,037,739	1,013,438	(24,302)	-2.3%
ADMINISTRATION EXPENSES	1,834,626	894,150	888,902	(5,248)	-0.6%
CODES EXPENSES	584,909	292,243	261,604	(30,639)	-10.5%
PARK AND RECREATION EXPENSES	782,875	404,025	404,534	509	0.1%
<b>TOTAL CORE FUNCTION EXPENSES</b>	<b>10,126,116</b>	<b>5,339,582</b>	<b>5,226,574</b>	<b>(113,008)</b>	<b>-2.1%</b>
EMERGENCY SERVICES REVENUES	81,901	20,750	18,516	(2,234)	-10.8%
PUBLIC WORKS REVENUES	1,003,167	232,438	249,460	17,022	7.3%
ADMINISTRATION REVENUES	314,323	117,760	160,415	42,655	36.2%
CODES REVENUES	258,770	123,727	143,244	19,517	15.8%
PARK AND RECREATION REVENUES	134,735	58,550	59,659	1,109	1.9%
<b>TOTAL CORE FUNCTION REVENUES</b>	<b>1,792,896</b>	<b>553,225</b>	<b>631,294</b>	<b>78,069</b>	<b>14.1%</b>
<b>NET EMERGENCY SERVICES</b>	<b>4,208,263</b>	<b>2,690,675</b>	<b>2,639,581</b>	<b>(51,094)</b>	<b>-1.9%</b>
<b>NET PUBLIC WORKS</b>	<b>1,630,375</b>	<b>805,301</b>	<b>763,978</b>	<b>(41,323)</b>	<b>-5.1%</b>
<b>NET ADMINISTRATION</b>	<b>1,520,303</b>	<b>776,390</b>	<b>728,487</b>	<b>(47,903)</b>	<b>-6.2%</b>
<b>NET CODES</b>	<b>326,139</b>	<b>168,516</b>	<b>118,360</b>	<b>(50,156)</b>	<b>-29.8%</b>
<b>NET PARK AND RECREATION</b>	<b>648,140</b>	<b>345,475</b>	<b>344,875</b>	<b>(600)</b>	<b>-0.2%</b>
<b>CORE FUNCTION NET SUBTOTAL</b>	<b>8,333,220</b>	<b>4,786,357</b>	<b>4,595,280</b>	<b>(191,077)</b>	<b>-4.0%</b>
DEBT - PRINCIPAL	574,000	-	-	0	0.0%
DEBT - INTEREST	226,399	114,599	114,597	(2)	0.0%
<b>TOTAL DEBT</b>	<b>800,399</b>	<b>114,599</b>	<b>114,597</b>	<b>(2)</b>	<b>0.0%</b>
<b>TOTAL CORE FUNCTION NET</b>	<b>9,133,619</b>	<b>4,900,956</b>	<b>4,709,877</b>	<b>(191,079)</b>	<b>-3.9%</b>
<b>NON-CORE FUNCTION REVENUE</b>					
EARNED INCOME TAX	5,191,400	2,858,244	2,764,654	(93,590)	-3.3%
REAL ESTATE PROPERTY TAX	2,039,429	2,004,131	2,002,640	(1,491)	-0.1%
REAL ESTATE TRANSFER TAX	585,000	292,500	409,510	117,010	40.0%
CABLE TELEVIS.FRANCHISE	450,000	225,000	224,381	(619)	-0.3%
LOCAL SERVICES TAX	348,000	181,370	167,405	(13,965)	-7.7%
OTHER INCOME	519,790	43,055	79,131	36,076	83.8%
<b>TOTAL NON CORE FUNCTION REVENUE</b>	<b>9,133,619</b>	<b>5,604,300</b>	<b>5,647,722</b>	<b>43,421</b>	<b>0.8%</b>
<b>NET RESULT</b>	<b>0</b>	<b>703,344</b>	<b>937,844</b>	<b>234,500</b>	

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")

ALL FUNDS JUNE 30, 2019

\* 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
<b>01/01/19 BEGINNING BALANCE</b>	<b>\$5,689,163</b>	<b>\$1,771</b>	<b>\$5,959,859</b>	<b>\$1,088,446</b>	<b>\$948,943</b>	<b>\$667,149</b>	<b>\$2,253,592</b>	<b>\$2,545,404</b>	<b>\$19,154,328</b>	<b>\$25,923</b>	<b>\$6,368,308</b>
<b>RECEIPTS</b>											
310 TAXES	\$5,393,807	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,393,807	\$0	\$0
320 LICENSES & PERMITS	\$226,041	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$226,041	\$0	\$0
330 FINES & FORFEITS	\$35,216	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,216	\$0	\$0
340 INTERESTS & RENTS	\$122,669	\$94	\$72,267	\$5,356	\$8,701	\$5,561	\$27,299	\$11,506	\$253,453	(\$86)	\$71,790
350 INTERGOVERNMENTAL	\$3,046	\$565,007	\$0	\$0	\$0	\$0	\$0	\$0	\$568,053	\$0	\$0
360 CHARGES FOR SERVICES	\$208,416	\$0	\$0	\$0	\$1,714,391	\$510,402	\$0	\$0	\$2,433,208	\$846	\$0
380 MISCELLANEOUS REVENUES	\$591,670	\$0	\$350	\$0	\$492	\$0	\$0	\$0	\$592,512	\$424	\$0
390 OTHER FINANCING SOURCES	\$217,526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$217,526	\$226,229	\$0
	<b>\$6,798,391</b>	<b>\$565,101</b>	<b>\$72,617</b>	<b>\$5,356</b>	<b>\$1,723,583</b>	<b>\$515,963</b>	<b>\$27,299</b>	<b>\$11,506</b>	<b>\$9,719,816</b>	<b>\$227,413</b>	<b>\$71,790</b>
<b>EXPENDITURES</b>											
400 GENERAL GOVERNMENT	\$668,997	\$0	\$532,346	\$0	\$0	\$0	\$0	\$0	\$1,201,342	\$0	\$0
410 PUBLIC SAFETY	\$3,704,685	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,704,685	\$0	\$0
420 HEALTH & WELFARE	\$64,653	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$64,653	\$0	\$0
426 SANITATION & REFUSE	\$0	\$0	\$0	\$0	\$1,086,293	\$546,925	\$0	\$0	\$1,633,218	\$233,220	\$0
430 HIGHWAYS,ROADS & STREETS	\$800,311	\$0	\$114,679	\$418	\$0	\$0	\$47,044	\$0	\$962,452	\$0	\$247,702
450 CULTURE-RECREATION	\$364,201	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$364,201	\$0	\$683,102
460 CONSERVATION & DEVELOPMENT	\$1,142	\$0	\$17,042	\$0	\$0	\$0	\$0	\$0	\$18,184	\$0	\$0
470 DEBT SERVICE	\$137,879	\$0	\$0	\$0	\$560,942	\$0	\$0	\$0	\$698,821	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$604,958	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$604,958	\$0	\$0
490 OTHER FINANCING USES	\$0	\$0	\$0	\$0	\$209,863	\$0	\$16,366	\$0	\$226,229	\$0	\$0
	<b>\$6,346,827</b>	<b>\$0</b>	<b>\$664,066</b>	<b>\$418</b>	<b>\$1,857,098</b>	<b>\$546,925</b>	<b>\$63,411</b>	<b>\$0</b>	<b>\$9,478,743</b>	<b>\$233,220</b>	<b>\$930,803</b>
<b>2019 SURPLUS/(DEFICIT)*</b>	<b>\$451,564</b>	<b>\$565,101</b>	<b>(\$591,449)</b>	<b>\$4,939</b>	<b>(\$133,514)</b>	<b>(\$30,962)</b>	<b>(\$36,112)</b>	<b>\$11,506</b>	<b>\$241,073</b>	<b>(\$5,807)</b>	<b>(\$859,013)</b>
<b>CLEARING ACCOUNT ADJUSTMENTS</b>	<b>\$48,756</b>										
<b>06/30/2019 ENDING BALANCE</b>	<b>\$6,189,483</b>	<b>\$566,872</b>	<b>\$5,368,409</b>	<b>\$1,093,385</b>	<b>\$815,429</b>	<b>\$636,187</b>	<b>\$2,217,481</b>	<b>\$2,556,910</b>	<b>\$19,444,156</b>	<b>\$20,116</b>	<b>\$5,509,295</b>