

Memo

To: Board of Supervisors
From: Jon Altshul
Re: August 2019 Financial Report
Date: September 11, 2019

As of August 31st, net of pass throughs, the general fund had revenues of \$7,753,971 and expenses of \$6,957,045 for a year-to-date surplus of \$796,926. Compared to the year-to-date budget, revenues were \$135,764 over budget, and expenses were \$45,095 under budget for a positive budget variance of \$180,859. As of August 31st, the general fund balance was \$6,155,061.

On the expense side, Public Works was \$20,647 over budget, but this was primarily due to an earlier than expected paving season, which concluded in August this year and I would expect Public Works in general and paving specifically to finish the year under budget. Parks and Recreation was \$35,182 over budget due primarily to the timing of both the Friends reimbursement for Community Day costs (\$19,546), which was budgeted in August but only received in September, as well as the timing of costs incurred for the Marydell Pond project and some preliminary engineering work for the Bow Tree I Pond project.

On the revenue side, Earned Income tax continues to under-perform (-\$151,915, -4.0%). Real Estate Transfer Tax is well over budget (+\$164,521; +42.2%) 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 \$48,420 over-budget (+84.3%).

Other funds

- The **State Liquid Fuels Fund** had \$565,410 in revenues and \$0 in expenses. The fund balance is \$567,182.
- The **Capital Reserve Fund** had \$90,593 in revenues and \$798,926 in expenses. The fund balance was \$5,251,526.
- The **Transportation Fund** had \$7,158 in revenues and \$9,785 in expenses. The fund balance was \$1,085,819.
- The **Sewer Operating Fund** had \$2,515,117 in revenues and \$2,294,149 in expenses. The fund balance was \$1,169,911.
- The **Refuse Fund** had \$735,651 in revenues and \$727,286 in expenses. The fund balance was \$675,514.
- The **Bond Fund** had \$92,678 in revenues and \$989,501 in expenses. The fund balance was \$5,471,485.
- The **Sewer Capital Reserve Fund** had \$142,414 in revenues and \$204,909 in expenses. The fund balance is \$2,191,097.
- The **Operating Reserve Fund** had \$12,590 in revenues and no expenses. The fund balance is \$2,557,994.

Year End Projections

Assuming that there is no arbitration award made in 2019—which is probably a fair assumption given the timeframes for decisions in nearby municipalities—I am conservatively projecting that the General Fund will finish the year with a deficit of \$257,566. I would also qualify that projection assumes a few

worst case scenarios, and that there's still a chance that the General Fund finishes the year in the black on a cash basis.

The projection reflects overages in Parks & Recreation (+\$19,271) due to lower than expected reimbursements from Friends of East Goshen and modest overruns for pond-related expenses. Other operating departments should achieve net savings, but with some individual line-items being over-budget. For example, Administration is projected to finish under budget due the likely deferral of the radio booster installation until 2020 and insurance proceeds from the heating oil spill at the Park, despite the costs of East Goshen's share of the Cadmus clean energy report for the Council of Governments and the higher than expected transfer to the Capital Reserve Fund for the cost of the vestibule project. All other operating departments are projected to finish under budget. On the revenue side, under performance in Earned Income Tax (-\$141,400) is more than offset by higher than projected Real Estate Transfer Tax (+\$140,000) and Interest Income (+\$35,000).

Projections for Other Funds are modestly changed in several funds from last month and 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 \$844,575 in revenues (compared to a budget of \$753,575) and \$1,298,796 in expenses (compared to \$1,014,500 budgeted) for a negative budget variance of \$375,296. 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 and the installation of the radio booster 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 \$46,302.
- 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 \$32,000 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.

Date for 2020 Budget Presentation

I would like to present the 2020 Proposed Budget at the BOS meeting on November 12th. This will provide sufficient time (minimum of 20 days after advertisement) to adopt the budget on December 3rd, with December 17th as a back-up date.

**EAST GOSHEN TOWNSHIP
GENERAL FUND SUMMARY
As of August 31, 2019**

Account Title	2019 Annual Budget	2019 YTD Budget	2019 YTD Actual	\$ Variance	% Variance
EMERGENCY SERVICES EXPENSES	4,290,164	3,293,843	3,237,885	(55,958)	-1.7%
PUBLIC WORKS EXPENSES	2,633,542	1,491,528	1,539,300	47,772	3.2%
ADMINISTRATION EXPENSES	1,834,626	1,130,106	1,139,333	9,227	0.8%
CODES EXPENSES	584,909	391,460	342,423	(49,037)	-12.5%
PARK AND RECREATION EXPENSES	782,875	566,114	569,017	2,903	0.5%
TOTAL CORE FUNCTION EXPENSES	10,126,116	6,873,051	6,827,958	(45,093)	-0.7%
EMERGENCY SERVICES REVENUES	81,901	66,819	55,988	(10,831)	-16.2%
PUBLIC WORKS REVENUES	1,003,167	234,744	261,869	27,125	11.6%
ADMINISTRATION REVENUES	314,323	154,251	202,771	48,520	31.5%
CODES REVENUES	258,770	172,340	213,128	40,788	23.7%
PARK AND RECREATION REVENUES	134,735	108,835	76,556	(32,279)	-29.7%
TOTAL CORE FUNCTION REVENUES	1,792,896	736,989	810,312	73,323	9.9%
NET EMERGENCY SERVICES	4,208,263	3,227,024	3,181,896	(45,128)	-1.4%
NET PUBLIC WORKS	1,630,375	1,256,784	1,277,431	20,647	1.6%
NET ADMINISTRATION	1,520,303	975,855	936,562	(39,293)	-4.0%
NET CODES	326,139	219,120	129,295	(89,825)	-41.0%
NET PARK AND RECREATION	648,140	457,279	492,461	35,182	7.7%
CORE FUNCTION NET SUBTOTAL	8,333,220	6,136,062	6,017,646	(118,416)	-1.9%
DEBT - PRINCIPAL	574,000	-	-	0	0.0%
DEBT - INTEREST	226,399	129,089	129,087	(2)	0.0%
TOTAL DEBT	800,399	129,089	129,087	(2)	0.0%
TOTAL CORE FUNCTION NET	9,133,619	6,265,151	6,146,733	(118,418)	-1.9%
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	5,191,400	3,828,444	3,676,529	(151,915)	-4.0%
REAL ESTATE PROPERTY TAX	2,039,429	2,016,708	2,022,004	5,296	0.3%
REAL ESTATE TRANSFER TAX	585,000	390,000	554,521	164,521	42.2%
CABLE TELEVIS.FRANCHISE	450,000	337,500	337,434	(66)	0.0%
LOCAL SERVICES TAX	348,000	251,160	247,344	(3,816)	-1.5%
OTHER INCOME	519,790	57,406	105,826	48,420	84.3%
TOTAL NON CORE FUNCTION REVENUE	9,133,619	6,881,218	6,943,659	62,441	0.9%
NET RESULT	0	616,067	796,926	180,859	

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
 ALL FUNDS AUGUST 31, 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
01/01/19 BEGINNING BALANCE	\$5,689,163	\$1,771	\$5,959,859	\$1,088,446	\$948,943	\$667,149	\$2,253,592	\$2,545,404	\$19,154,328	\$25,923	\$6,368,308
RECEIPTS											
310 TAXES	\$6,564,156	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,564,156	\$0	\$0
320 LICENSES & PERMITS	\$343,904	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$343,904	\$0	\$0
330 FINES & FORFEITS	\$42,883	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,883	\$0	\$0
340 INTERESTS & RENTS	\$164,108	\$404	\$84,010	\$7,158	\$11,303	\$6,822	\$30,364	\$12,590	\$316,759	(\$114)	\$92,678
350 INTERGOVERNMENTAL	\$4,376	\$565,007	\$0	\$0	\$0	\$0	\$0	\$0	\$569,383	\$29,078	\$0
360 CHARGES FOR SERVICES	\$295,519	\$0	\$0	\$0	\$2,503,323	\$728,829	\$0	\$0	\$3,527,670	\$846	\$0
380 MISCELLANEOUS REVENUES	\$1,093,074	\$0	\$350	\$0	\$492	\$0	\$0	\$0	\$1,093,916	\$424	\$0
390 OTHER FINANCING SOURCES	\$227,121	\$0	\$6,233	\$0	\$0	\$0	\$112,050	\$0	\$345,404	\$236,284	\$0
	\$8,735,141	\$565,410	\$90,593	\$7,158	\$2,515,117	\$735,651	\$142,414	\$12,590	\$12,804,075	\$266,518	\$92,678
EXPENDITURES											
400 GENERAL GOVERNMENT	\$900,507	\$0	\$546,073	\$0	\$0	\$0	\$0	\$0	\$1,446,581	\$0	\$0
410 PUBLIC SAFETY	\$4,607,482	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,607,482	\$0	\$0
420 HEALTH & WELFARE	\$99,118	\$0	\$0	\$0	\$0	\$0	\$187,106	\$0	\$286,225	\$0	\$0
426 SANITATION & REFUSE	\$0	\$0	\$0	\$0	\$1,463,428	\$727,286	\$0	\$0	\$2,190,714	\$243,275	\$0
430 HIGHWAYS,ROADS & STREETS	\$1,253,466	\$0	\$115,279	\$9,785	\$0	\$0	\$0	\$0	\$1,378,530	\$0	\$247,702
450 CULTURE-RECREATION	\$511,691	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$511,691	\$0	\$741,800
460 CONSERVATION & DEVELOPMENT	\$1,201	\$0	\$25,524	\$0	\$0	\$0	\$0	\$0	\$26,725	\$0	\$0
470 DEBT SERVICE	\$152,696	\$0	\$0	\$0	\$612,240	\$0	\$0	\$0	\$764,936	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$738,762	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$738,762	\$0	\$0
490 OTHER FINANCING USES	\$0	\$0	\$112,050	\$0	\$218,481	\$0	\$17,802	\$0	\$348,334	\$0	\$0
	\$8,264,924	\$0	\$798,926	\$9,785	\$2,294,149	\$727,286	\$204,909	\$0	\$12,299,979	\$243,275	\$989,501
2019 SURPLUS/(DEFICIT)*	\$470,217	\$565,410	(\$708,332)	(\$2,627)	\$220,968	\$8,364	(\$62,495)	\$12,590	\$504,096	\$23,243	(\$896,823)
CLEARING ACCOUNT ADJUSTMENTS	(\$4,319)										
08/31/2019 ENDING BALANCE	\$6,155,061	\$567,182	\$5,251,526	\$1,085,819	\$1,169,911	\$675,514	\$2,191,097	\$2,557,994	\$19,654,105	\$49,166	\$5,471,485

2019 GENERAL FUND YEAR-END PROJECTION

Projected as of 8/31/19; Net of Pass Throughs

Account Title	2019 Budget	2019 Projected	Dollar Variance	Percentage Variance
EMERGENCY SERVICES EXPENSES	4,290,164	4,279,043	(11,121)	-0.3%
PUBLIC WORKS EXPENSES	2,633,542	2,607,478	(26,064)	-1.0%
ADMINISTRATION EXPENSES	1,834,626	1,865,247	30,621	1.7%
ZONING/PERMITS/CODES EXPENSES	584,909	506,281	(78,628)	-13.4%
PARK AND RECREATION EXPENSES	782,875	779,676	(3,199)	-0.4%
TOTAL CORE FUNCTION EXPENSES	10,126,116	10,037,725	(88,391)	-0.9%
EMERGENCY SERVICES REVENUES	81,901	71,905	(9,996)	-12.2%
PUBLIC WORKS REVENUES	1,003,167	1,011,418	8,251	0.8%
ADMINISTRATION REVENUES	314,323	351,583	37,260	11.9%
ZONING/PERMITS/CODES REVENUES	258,770	292,662	33,892	13.1%
PARK AND RECREATION REVENUES	134,735	112,265	(22,470)	-16.7%
TOTAL CORE FUNCTION REVENUES	1,792,896	1,839,833	46,937	2.6%
NET EMERGENCY SERVICES	4,208,263	4,207,138	(1,125)	0.0%
NET PUBLIC WORKS	1,630,375	1,596,060	(34,315)	-2.1%
NET ADMINISTRATION	1,520,303	1,513,665	(6,639)	-0.4%
NET ZONING/PERMITS/CODES	326,139	213,619	(112,520)	-34.5%
NET PARK AND RECREATION	648,140	667,411	19,271	3.0%
CORE FUNCTION NET SUBTOTAL	8,333,220	8,197,892	(135,328)	-1.6%
DEBT - PRINCIPAL	574,000	574,000	0	0.0%
DEBT - INTEREST	226,399	226,399	0	0.0%
TOTAL DEBT SERVICE	800,399	800,399	0	0.0%
TOTAL CORE FUNCTION NET	9,133,619	8,998,291	(135,328)	(0)
NON-CORE FUNCTION REVENUE				
EARNED INCOME TAXES	5,191,400	5,050,000	(141,400)	-2.7%
REAL ESTATE PROPERTY TAX	2,039,429	2,041,054	1,625	0.1%
REAL ESTATE TRANSFER TAX	585,000	725,000	140,000	23.9%
CABLE TV FRANCHISE TAX	450,000	450,000	0	0.0%
LOCAL SERVICES TAX	348,000	345,000	(3,000)	-0.9%
OTHER INCOME	519,790	129,670	(390,120)	-75.1%
TOTAL NON CORE FUNCTION REVENUE	9,133,619	8,740,724	(392,895)	-4.3%
NET RESULT	0	(257,566)		

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
2019 YEAR-END PROJECTION ALL FUNDS
As of August 31, 2019

	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
1/1/19 FUND BALANCE	\$5,689,163	\$1,771	\$5,959,859	\$1,088,446	\$948,943	\$667,149	\$2,253,592	\$2,545,404	\$19,154,328	\$25,923	\$6,368,308
310 TAXES	\$8,158,254								8,158,254	\$0	\$0
320 LICENSES & PERMITS	\$456,659								456,659	\$0	\$0
330 FINES & FORFEITS	\$63,000								63,000	\$0	\$0
340 INTERESTS & RENTS	\$209,162	\$10,000	\$125,000	\$5,500	\$16,000	\$9,000	\$40,000	\$45,000	459,662	\$0	\$110,000
350 INTERGOVERNMENTAL	\$303,197	\$564,000	\$253,400	\$257,500					1,378,097	\$32,307	\$0
360 CHARGES FOR SERVICES	\$424,040				\$3,532,857	\$987,121	\$244,000		5,188,018	\$0	\$0
380 MISCELLANEOUS REVENUES	\$1,952,206				\$492				1,952,698	\$0	\$0
390 OTHER FINANCING SOURCES	\$977,847		\$466,175						1,444,022	\$676,118	\$0
	12,544,366	574,000	844,575	263,000	3,549,349	996,121	284,000	45,000	19,100,411	\$708,425	\$110,000
EXPENDITURES											
400 GENERAL GOVERNMENT	\$1,419,947		\$859,057						2,279,004	\$0	\$0
410 PUBLIC SAFETY	\$6,413,749								6,413,749	\$0	\$0
420 HEALTH & WELFARE									-	\$0	\$0
426 SANITATION & REFUSE	\$156,733				\$2,139,777	\$1,140,699	\$100,000		3,537,209	\$708,425	\$2,407,612
430 HIGHWAYS,ROADS & STREETS	\$2,198,376	\$574,000	\$163,779	\$837,992					3,774,147	\$0	\$0
450 CULTURE-RECREATION	\$716,165								716,165	\$0	\$1,602,428
460 CONSERVATION & DEVELOPMENT	\$8,033		\$167,960						175,993	\$0	\$1,005,490
470 DEBT SERVICE	\$824,659				\$976,756				1,801,415	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$1,064,270								1,064,270	\$0	\$0
490 OTHER FINANCING USES			\$108,000		\$479,118		\$307,000		894,118	\$0	\$0
	\$12,801,932	\$574,000	\$1,298,796	\$837,992	\$3,595,651	\$1,140,699	\$407,000	\$0	20,656,070	\$708,425	\$5,015,530
SURPLUS/(DEFICIT)	(\$257,566)	\$0	(\$454,221)	(\$574,992)	(\$46,302)	(\$144,578)	(\$123,000)	\$45,000	(\$1,555,659)	\$0	(\$4,905,530)
PROJECTED YEAR-END FUND BALANCE	\$5,431,597	\$1,771	\$5,505,638	\$513,454	\$902,641	\$522,571	\$2,130,592	\$2,590,404	\$17,598,669	\$25,923	\$1,462,778