

Memo

To: Board of Supervisors
From: Jon Altshul
Re: Q2 2020 Financial Report
Date: July 14, 2020

As of June 30th, the general fund had revenues of \$5,860,694 and expenses of \$5,066,982 for a year-to-date surplus of \$793,711 and a negative budget variance of \$141,191. As of June 30, the general fund balance is \$5,920,901, excluding a \$429,783 receivable from the Fire Company for Q2 wages and benefits, which was received in early July.

On the expense side, the Township is under budget by a total of \$176,406, and all operating departments are under budget net of departmental revenues. In particular, Public Works is well under budget due to the lack of snow this winter, with savings partially offset by the cost of the Forrest Lane bridge improvements and tree removal. Codes is also under-budget due to personnel savings, and surprisingly strong, albeit slightly under budget, permit activity. Administration is slightly under-budget due to higher than expected insurance dividends, while Parks and Recreation is modestly under-budget due to the cancellation of park events due to the pandemic. Meanwhile, Emergency Services is under-budget for now, but that will change in July to reflect our share of the Act 111 arbitration award.

On the revenue side, there continues to be some relatively good news to report. EIT is \$242,075 under budget. However, a large portion of that shortfall (about \$200,000) is due to moving the filing deadline back to July 15. These funds will be recouped in August. Real Estate Property Tax is also slightly underperforming (-\$90,984 or -4.6%) as property owners may be delaying payment of their taxes, but these will be paid eventually before December 31st. Real Estate Transfer Tax (-\$88,323 or -27.6%) is also underperforming, but by all measures homes are still selling. In fact, cert requests for resales are much higher than normal, suggesting that the late summer and early fall buying season will rebound.

Other funds

- The **State Liquid Fuels Fund** had \$551,138 in revenues and \$0 in expenses. The fund balance was 552,287.
- The **Capital Reserve Fund** had \$166,449 in revenues and \$705,704 in expenses. The fund balance was \$4,871,280.
- The **Transportation Fund** had \$2,208 in revenues and \$305,342 in expenses. The fund balance was \$608,590.
- The **Sewer Operating Fund** had \$1,783,549 in revenues and \$1,786,181 in expenses. The fund balance was \$973,802.
- The **Refuse Fund** had \$520,512 in revenues and \$540,084 in expenses. The fund balance was \$609,623.
- The **Bond Fund** had \$19,610 in revenues and \$268,536 in expenses. The fund balance was \$3,466,714.
- The **Sewer Capital Reserve Fund** had \$36,255 in revenues and \$225,731 in expenses. The fund balance is \$2,148,313.
- The **Operating Reserve Fund** had \$31,424 in revenues and no expenses. The fund balance is \$2,627,547.

Year-end Projection

I am currently projecting that the General Fund will finish the year with a deficit of \$488,314, which is only nominally more than the Transfer from Fund Balance in the original adopted budget (\$461,656). As a result, there does not appear to be a compelling reason to formally amend the 2020 budget at this time.

Otherwise, 2020 Year-End Projection for All Funds (in the “Joe Report” format), I have made adjustments for a handful of other funds, including the Sewer Operating Fund to reflect the new rates and the Capital Reserve Fund to reflect recent trends.

Accounts Receivable

Despite the current circumstances, utility accounts receivable hit record lows this quarter of \$147,239, compared with \$157,147 last quarter and \$176,254 a year ago.

Yield on Township Funds

The yield on Township funds has plummeted to 0.48%, down from 1.42% three months ago. This decline is due to the Federal Reserve’s recent extraordinary steps to lower interest rates and the fact that all of our illiquid investments, save one in the State Liquid Fuels Fund, have now matured and the rates on liquid funds are currently greater than for CDs or other illiquid investments. The time until maturity of our one remaining illiquid investment is 153 days.

2021 Budget

I will aim for the following basic calendar for the development of the 2021 Budget:

- Late July—Send budget request materials to ABCs and Department Heads
- Late September—Deadline for Department Head and ABC budget requests
- Tuesday, November 10—Present 2021 Proposed Budget to BOS
- Wednesday, November 11—Advertise 2021 Proposed Budget in *Daily Local News*
- Tuesday, December 1—BOS adopts 2021 Budget, with Tuesday, December 15 as a back-up date is necessary

**EAST GOSHEN TOWNSHIP
GENERAL FUND SUMMARY
As of June 30, 2020**

Account Title	2020 Annual Budget	2020 YTD Budget	2020 YTD Actual	\$ Variance	% Variance
EMERGENCY SERVICES EXPENSES	4,379,933	2,500,844	2,482,283	(18,561)	-0.7%
PUBLIC WORKS EXPENSES	2,774,562	1,094,935	1,004,475	(90,460)	-8.3%
ADMINISTRATION EXPENSES	1,886,456	946,944	955,494	8,550	0.9%
CODES EXPENSES	522,011	259,641	203,749	(55,892)	-21.5%
PARK AND RECREATION EXPENSES	881,005	338,795	318,425	(20,370)	-6.0%
TOTAL CORE FUNCTION EXPENSES	10,443,967	5,141,159	4,964,426	(176,733)	-3.4%
EMERGENCY SERVICES REVENUES	72,000	19,000	33,016	14,016	73.8%
PUBLIC WORKS REVENUES	1,000,284	244,008	325,259	81,251	33.3%
ADMINISTRATION REVENUES	318,829	120,153	157,454	37,301	31.0%
CODES REVENUES	272,870	136,573	121,160	(15,413)	-11.3%
PARK AND RECREATION REVENUES	132,620	57,180	46,994	(10,186)	-17.8%
TOTAL CORE FUNCTION REVENUES	1,796,603	576,914	683,883	106,969	18.5%
NET EMERGENCY SERVICES	4,307,933	2,481,844	2,449,267	(32,577)	-1.3%
NET PUBLIC WORKS	1,774,278	850,927	679,216	(171,711)	-20.2%
NET ADMINISTRATION	1,567,627	826,791	798,040	(28,751)	-3.5%
NET CODES	249,141	123,068	82,589	(40,479)	-32.9%
NET PARK AND RECREATION	748,385	281,615	271,430	(10,185)	-3.6%
CORE FUNCTION NET SUBTOTAL	8,647,364	4,564,245	4,280,543	(283,702)	-6.2%
DEBT - PRINCIPAL	349,999	-	-	0	0.0%
DEBT - INTEREST	203,872	102,230	102,556	326	0.3%
TOTAL DEBT	553,871	102,230	102,556	326	0.3%
TOTAL CORE FUNCTION NET	9,201,235	4,666,475	4,383,099	(283,376)	-6.1%
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	5,130,800	2,829,646	2,587,571	(242,075)	-8.6%
REAL ESTATE PROPERTY TAX	2,042,779	1,998,716	1,907,732	(90,984)	-4.6%
REAL ESTATE TRANSFER TAX	650,000	320,000	231,677	(88,323)	-27.6%
CABLE TELEVIS.FRANCHISE	457,200	228,600	218,255	(10,345)	-4.5%
LOCAL SERVICES TAX	345,000	171,219	171,016	(203)	-0.1%
OTHER INCOME	575,456	53,196	60,560	7,364	13.8%
TOTAL NON CORE FUNCTION REVENUE	9,201,235	5,601,377	5,176,810	(424,567)	-7.6%
NET RESULT	0	934,902	793,711	(141,191)	

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
ALL FUNDS JUNE 2020

* 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
01/01/20 BEGINNING BALANCE	\$5,625,871	\$1,148	\$5,410,535	\$911,724	\$976,435	\$629,194	\$2,337,788	\$2,596,124	\$18,488,820	\$24,873	\$3,715,640
RECEIPTS											
310 TAXES	\$4,924,790	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,924,790	\$0	\$0
320 LICENSES & PERMITS	\$225,821	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,821	\$0	\$0
330 FINES & FORFEITS	\$23,972	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,972	\$0	\$0
340 INTERESTS & RENTS	\$104,792	(\$357)	\$71,015	\$2,208	\$3,938	\$1,898	\$34,804	\$31,424	\$249,720	(\$86)	\$19,610
350 INTERGOVERNMENTAL	\$5,097	\$551,495	\$94,935	\$0	\$0	\$0	\$0	\$0	\$651,527	\$3,231	\$0
360 CHARGES FOR SERVICES	\$173,438	\$0	\$0	\$0	\$1,708,872	\$518,615	\$0	\$0	\$2,400,924	\$846	\$0
380 MISCELLANEOUS REVENUES	\$631,418	\$0	\$500	\$0	\$685	\$0	\$0	\$0	\$632,603	\$423	\$0
390 OTHER FINANCING SOURCES	\$291,978	\$0	\$0	\$0	\$70,054	\$0	\$1,451	\$0	\$363,484	\$236,609	\$0
	\$6,381,305	\$551,138	\$166,449	\$2,208	\$1,783,549	\$520,512	\$36,255	\$31,424	\$9,472,841	\$241,023	\$19,610
EXPENDITURES											
400 GENERAL GOVERNMENT	\$676,774	\$0	\$70,211	\$0	\$0	\$0	\$0	\$0	\$746,985	\$0	\$0
410 PUBLIC SAFETY	\$3,492,459	\$0	\$10,246	\$0	\$0	\$0	\$0	\$0	\$3,502,706	\$0	\$0
420 HEALTH & WELFARE	\$82,364	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,364	\$0	\$0
426 SANITATION & REFUSE	\$0	\$0	\$0	\$0	\$1,211,071	\$540,084	\$0	\$0	\$1,751,155	\$264,610	\$0
430 HIGHWAYS,ROADS & STREETS	\$771,172	\$0	\$464,041	\$305,342	\$0	\$0	\$0	\$0	\$1,540,555	\$0	\$14,538
450 CULTURE-RECREATION	\$272,225	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$272,225	\$0	\$253,999
460 CONSERVATION & DEVELOPMENT	\$1,240	\$0	\$161,205	\$0	\$0	\$0	\$0	\$0	\$162,446	\$0	\$0
470 DEBT SERVICE	\$126,374	\$0	\$0	\$0	\$564,458	\$0	\$0	\$0	\$690,832	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$709,381	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$709,381	\$0	\$0
490 OTHER FINANCING USES	\$0	\$0	\$0	\$0	\$10,653	\$0	\$225,731	\$0	\$236,383	\$0	\$0
	\$6,131,990	\$0	\$705,704	\$305,342	\$1,786,181	\$540,084	\$225,731	\$0	\$9,695,032	\$264,610	\$268,536
2020 SURPLUS/(DEFICIT)*	\$249,316	\$551,138	(\$539,255)	(\$303,134)	(\$2,633)	(\$19,572)	(\$189,476)	\$31,424	(\$222,191)	(\$23,587)	(\$248,926)
CLEARING ACCOUNT ADJUSTMENTS	\$45,714										
06/30/20 ENDING BALANCE	\$5,920,901	\$552,287	\$4,871,280	\$608,590	\$973,802	\$609,623	\$2,148,313	\$2,627,547	\$18,312,343	\$1,286	\$3,466,714

East Goshen Township
2020 General Fund Year End Projection

Account Title	2020 Adopted	2020 Projected
POLICE EXPENSES	3,884,680	4,113,962
OTHER EMERGENCY SERVICE EXPENSES	495,253	471,069
PUBLIC WORKS EXPENSES	2,760,338	2,455,803
ADMINISTRATION EXPENSES	1,900,680	1,852,425
ZONING/PERMITS/CODES EXPENSES	522,011	460,432
PARK AND RECREATION EXPENSES	881,005	632,143
TOTAL CORE FUNCTION EXPENSES	10,443,967	9,985,834
POLICE REVENUES	38,000	32,000
OTHER EMERGENCY SERVICES REVENUES	33,905	26,263
PUBLIC WORKS REVENUES	1,000,284	1,031,784
ADMINISTRATION REVENUES	318,829	346,180
ZONING/PERMITS/CODES REVENUES	272,870	248,923
PARK AND RECREATION REVENUES	132,620	75,307
TOTAL CORE FUNCTION REVENUES	1,796,508	1,760,457
NET POLICE	3,846,680	4,081,962
NET OTHER EMERGENCY SERVICES	461,348	444,806
NET PUBLIC WORKS	1,760,054	1,424,019
NET ADMINISTRATION	1,581,851	1,506,245
NET ZONING/PERMITS/CODES	249,141	211,509
NET PARK AND RECREATION	748,385	556,836
CORE FUNCTION NET SUBTOTAL	8,647,459	8,225,377
DEBT - PRINCIPAL	349,999	349,999
DEBT - INTEREST	203,872	203,872
TOTAL DEBT SERVICE	553,871	553,871
TOTAL CORE FUNCTION NET	9,201,330	8,779,248
NON-CORE FUNCTION REVENUE		
EARNED INCOME TAXES	5,130,800	4,874,260
REAL ESTATE PROPERTY TAX	2,042,779	2,032,779
REAL ESTATE TRANSFER TAX	650,000	550,000
CABLE TV FRANCHISE TAX	457,200	440,000
LOCAL SERVICES TAX	345,000	300,000
OTHER INCOME*	113,895	93,895
TOTAL NON CORE FUNCTION REVENUE	8,739,674	8,290,934
NET RESULT	(461,656)	(488,314)

* EXCLUDING TRANSFER FROM FUND BALANCE

SUMMARY OF FUNDS REPORT (AKA "JOE REPORT")
2020 YEAR END PROJECTION ALL FUNDS, AS OF JUNE 30, 2020

	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
1/1/20 FUND BALANCE	\$5,625,871	\$1,148	\$5,410,535	\$911,724	\$976,435	\$629,194	\$2,337,788	\$2,596,124	\$18,488,820	\$24,873	\$3,715,640
310 TAXES	\$7,754,239								7,754,239		\$0
320 LICENSES & PERMITS	\$448,159								448,159		\$0
330 FINES & FORFEITS	\$52,000								52,000		\$0
340 INTERESTS & RENTS	\$175,792	\$10,000	\$80,556	\$4,000	\$16,000	\$7,500	\$35,000	\$40,000	368,848		\$50,000
350 INTERGOVERNMENTAL	\$390,269	\$541,604	\$3,011,000						3,942,873		\$0
360 CHARGES FOR SERVICES	\$343,403				\$3,477,053	\$1,051,498	\$160,000		5,031,954		\$0
380 MISCELLANEOUS REVENUES	\$1,997,776								1,997,776	\$565	\$0
390 OTHER FINANCING SOURCES	\$996,653		\$635,982						1,632,635	\$354,435	\$0
	12,158,291	551,604	3,727,538	4,000	3,493,053	1,058,998	195,000	40,000	21,228,484	\$355,000	\$50,000
EXPENDITURES											
400 GENERAL GOVERNMENT	\$1,331,523		\$344,245						1,675,768		
410 PUBLIC SAFETY	\$6,749,226								6,749,226		
420 HEALTH & WELFARE	\$6,000								6,000		
426 SANITATION & REFUSE	\$120,979				\$2,123,329	\$1,136,729			3,381,037	\$355,000	\$56,636
430 HIGHWAYS,ROADS & STREETS	\$2,074,827	551,604	\$592,749	\$315,342					3,534,522	\$0	\$0
450 CULTURE-RECREATION	\$568,969		\$796,336						1,365,305	\$0	\$974,165
460 CONSERVATION & DEVELOPMENT	\$2,277		\$2,904,987						2,907,264	\$0	\$0
470 DEBT SERVICE	\$578,188				\$977,510				1,555,698	\$0	\$0
480 MISCELLANEOUS EXPENDITURES	\$1,214,616								1,214,616	\$0	\$0
490 OTHER FINANCING USES					\$474,435		\$195,000		669,435	\$0	\$0
	\$12,646,605	\$551,604	\$4,638,317	\$315,342	\$3,575,274	\$1,136,729	\$195,000	\$0	23,058,871	\$355,000	\$1,030,801
SURPLUS/(DEFICIT)	(\$488,314)	\$0	(\$910,779)	(\$311,342)	(\$82,221)	(\$77,731)	\$0	\$40,000	(\$1,830,387)	\$0	(\$980,801)
PROJECTED YEAR-END FUND BALANCE	\$5,137,558	\$1,148	\$4,499,756	\$600,382	\$894,214	\$551,463	\$2,337,788	\$2,636,124	\$16,658,433	\$24,873	\$2,734,839