

**TOWNSHIP OF WEST GOSHEN, PENNSYLVANIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
December 31, 2003**

Prepared by:

Finance Department

**WEST GOSHEN TOWNSHIP  
WEST CHESTER, PENNSYLVANIA**

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WEST GOSHEN TOWNSHIP  
WEST CHESTER, PENNSYLVANIA

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## **INTRODUCTORY SECTION**

June 23, 2004

To the Board of Supervisors and Citizens of West Goshen Township:

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) of West Goshen Township ("the Township"), Chester County, Pennsylvania, for the fiscal year ended December 31, 2003. The financial statements contained within the report are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by Barbacane Thornton & Company, Certified Public Accountants. The Township's Finance Department prepared this report. The Department's staff and the Township Manager assume full responsibility for the report's accuracy and completeness, and assert that all material disclosures have been made. To the best of our knowledge, the information presented in this report is a fair and accurate portrayal of the financial position and result of operations of the Township as of December 31, 2003.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. The transmittal letter is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. West Goshen Township's MD&A can be found in the Financial Section immediately following the independent auditors' report. We believe the report contains all disclosures necessary for its readers to understand the Township's financial affairs.

#### **REPORT FORMAT**

This report is organized into three broad sections:

- **Introductory Section.** This section includes this letter of transmittal; the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting; the Township's organization chart; and a list of elected and appointed Township officials.
- **Financial Section.** This section includes the independent auditors' report; management's discussion and analysis; basic financial statements with notes and required supplementary information; and the financial statements of individual funds.
- **Statistical Section.** This section includes historical financial and general information in order to provide a context within which to understand the Township's financial statements.

#### **PROFILE OF WEST GOSHEN TOWNSHIP**

The lands of Goshen were purchased in 1681 from William Penn as part of the Welsh Tract of Westtown. The territory underwent numerous subdivisions and purchases over the next several years to give forth the Township as it is known today: by 1704, Goshen and Westtown had become separate townships; the size of the Township was reduced once more with the formation of the Borough of West Chester in 1788; and in 1817, it was divided still further into East and West Goshen Townships.

The Township was primarily a farming community in its early history. Before long, many different businesses began to appear, including several women-owned enterprises. Trades such as cabinet making, tailoring, weaving, clock making and wool making characterized the area. The completion of railroads in the 1830s and 1850s facilitated the delivery of goods and services to the Township and marked the migration of many Philadelphians seeking country residences.

By 1950, the Township had been transformed from a farming community to a suburban neighborhood. The Township experienced its most explosive growth during the 1960s and 1970s, and today it can boast a balanced mix of residential, business, office, retail and industrial uses.

### ***Township Government***

West Goshen Township is a Second Class Township. It is governed by three Supervisors, elected at large for staggered six-year terms. The Board derives its duties and responsibilities from sources like the Second Class Township Code and the Pennsylvania Municipalities Planning Code. These responsibilities include construction and maintenance of roads and bridges; zoning and subdivision of land; regulation of building and construction; highway lighting, signing and signalization; designating funds for fire and emergency services; parks and recreation programs; construction and maintenance of sewer systems; and regulations to promote the welfare of the community. The Board establishes Township policy, adopts legislation and grants final approval of the many functions of township government at public meetings.

The Township Manager is appointed by the Board of Supervisors to carry out its policies and to direct the daily administrative functions of the Township. The Manager proposes and implements procedures that will ensure delivery of efficient and effective government. The Manager is the Township's representative to a variety of municipal organizations and acts as a liaison between Township residents and the Board of Supervisors. This position serves as the primary contact for residents requiring conflict resolution.

### ***Reporting Structure***

West Goshen Township organizes its financial activities in a variety of funds, representing its primary government. The Township's financial statements include all funds of the Township as well as its component units. Component units are separate legal entities, but are part of the Township government in substance. The financial statements would be misleading without incorporating component unit information.

The West Goshen Sewer Authority is considered a blended component unit of West Goshen Township because the Township appoints the Authority's governing board. As such, the Township is financially accountable for it. The Authority is included in the financial statements as a proprietary fund and a business-type activity.

### **FACTORS AFFECTING FINANCIAL CONDITION**

Although the worst of the recent nationwide recession appears to be over, the national and local economies continue to struggle. Record low interest rates and rising unemployment rates over the last few years have noticeably impaired two of the Township's most significant revenue sources: interest earnings and earned income tax. On the spending side of the Township's financial activities, although costs for services have continued to increase at a predictable rate, insurance and employment related costs have far outpaced inflation and economic growth. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2003 is included as part of the MD&A.

## **AWARDS AND ACKNOWLEDGMENTS**

The GFOA awards Certificates of Achievement for Excellence in Financial Reporting to governments that have met the challenge of preparing high quality CAFRs. This prestigious acknowledgment is a testament to a government's financial management. West Goshen Township received its very first Certificate of Achievement for its comprehensive annual financial report for the fiscal year ended December 31, 2002. We believe that this CAFR for the fiscal year ended December 31, 2003 also meets the GFOA's requirements for the Certificate of Achievement Program; therefore, we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, West Goshen Township received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2000. In order to qualify for the Award, a budget document must fulfill several criteria in order to be judged a satisfactory policy document, financial plan, operations guide and communication device.

We would like to thank the Board of Supervisors for its support of the efforts of the Finance Department and Township Manager to promote improved accountability and communication through publications such as this. Preparation of a report of this kind could not have been accomplished without the collective contribution of many individuals. Especially deserving of recognition for their participation in this process are the Township's independent auditors, Barbacane, Thornton & Company, and Assistant Finance Director, Jennifer M. Latzer.

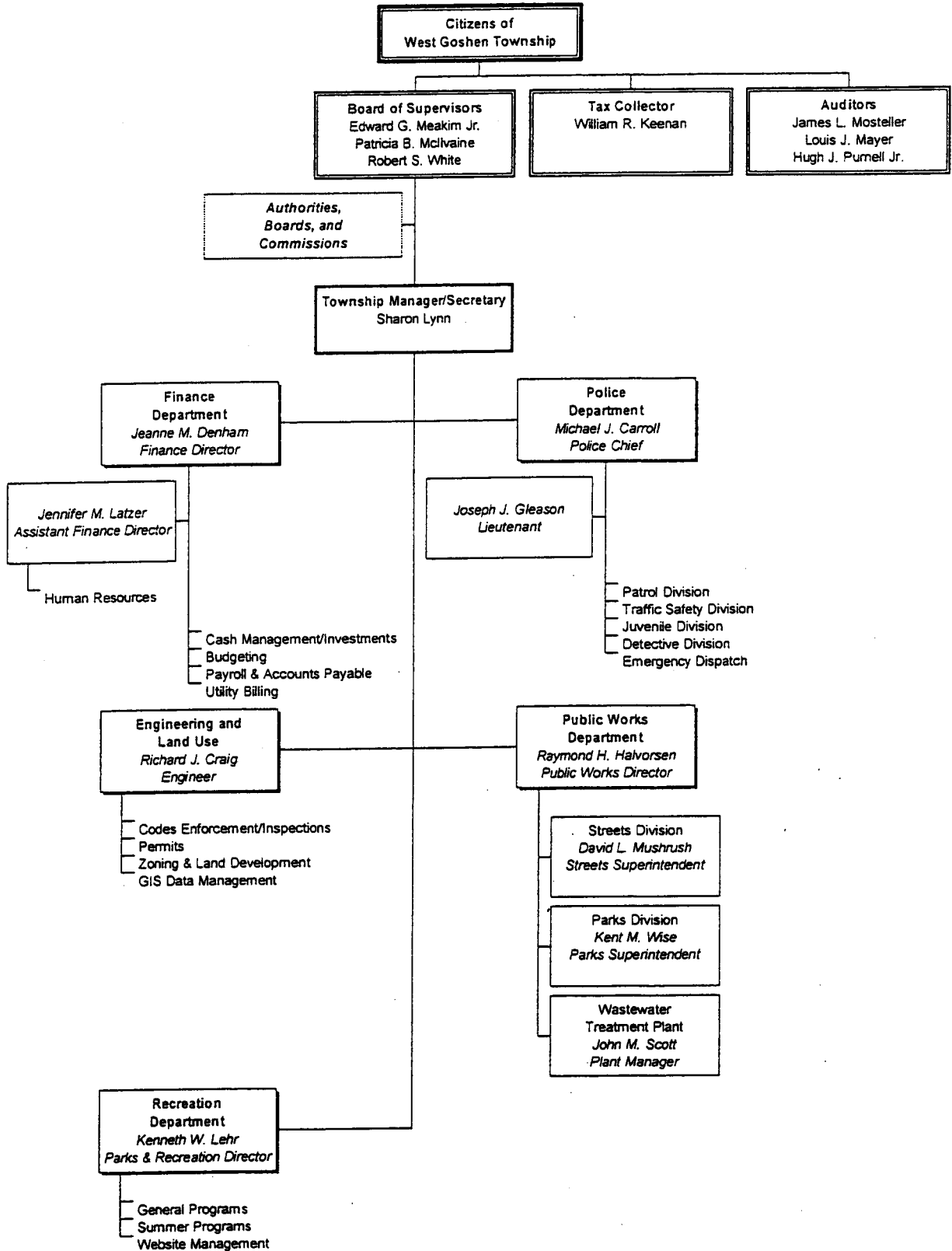
Respectfully submitted,

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Jeanne M. Denham  
Finance Director

Sharon Lynn  
Township Manager

# ORGANIZATION OF WEST GOSHEN TOWNSHIP





**WEST GOSHEN TOWNSHIP**  
**Elected and Appointed Officials**  
**December 31, 2003**

**ELECTED OFFICIALS**

**BOARD OF SUPERVISORS**

Chairman

Vice Chairman

Member

Edward G Meakim , Jr.

Patricia B. McIlvaine

Dr. Robert S. White

**TAX COLLECTOR**

William R. Keenan

**AUDITORS**

Chairman

Secretary

Member

James L. Mosteller

Louis J. Mayer

Hugh J. Purnell, Jr.

**APPOINTED OFFICIALS**

Township Manager

Township Secretary

Assistant Township Secretary

Treasurer/Finance Director

Assistant Finance Director

Assistant Treasurer

Chief of Police

Township Engineer

Roadmaster

Building/Codes Official

Zoning Officer

Deputy Zoning Officer

Assistant Zoning Officer

Assistant Zoning Officer

Assistant Zoning Officer

Township Solicitor

Fire Marshal

Assistant Fire Marshal

Township Auditor

Sharon Lynn

Sharon Lynn

Sandra K. Turley

Jeanne M. Denham

Jennifer M. Latzer

Cynthia L. Haldeman

Michael J. Carroll

Richard J. Craig

David L. Mushrush

Richard E. Hicks

Nancy D. Rogers

Sharon Lynn

Diane E. Clayton

Richard J. Craig

Richard E. Hicks

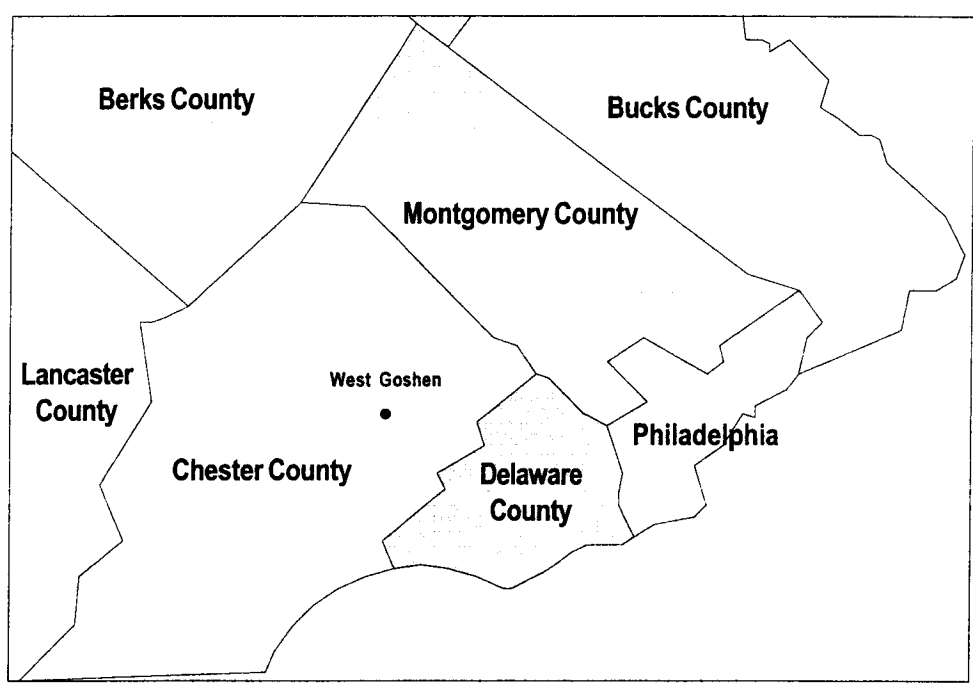
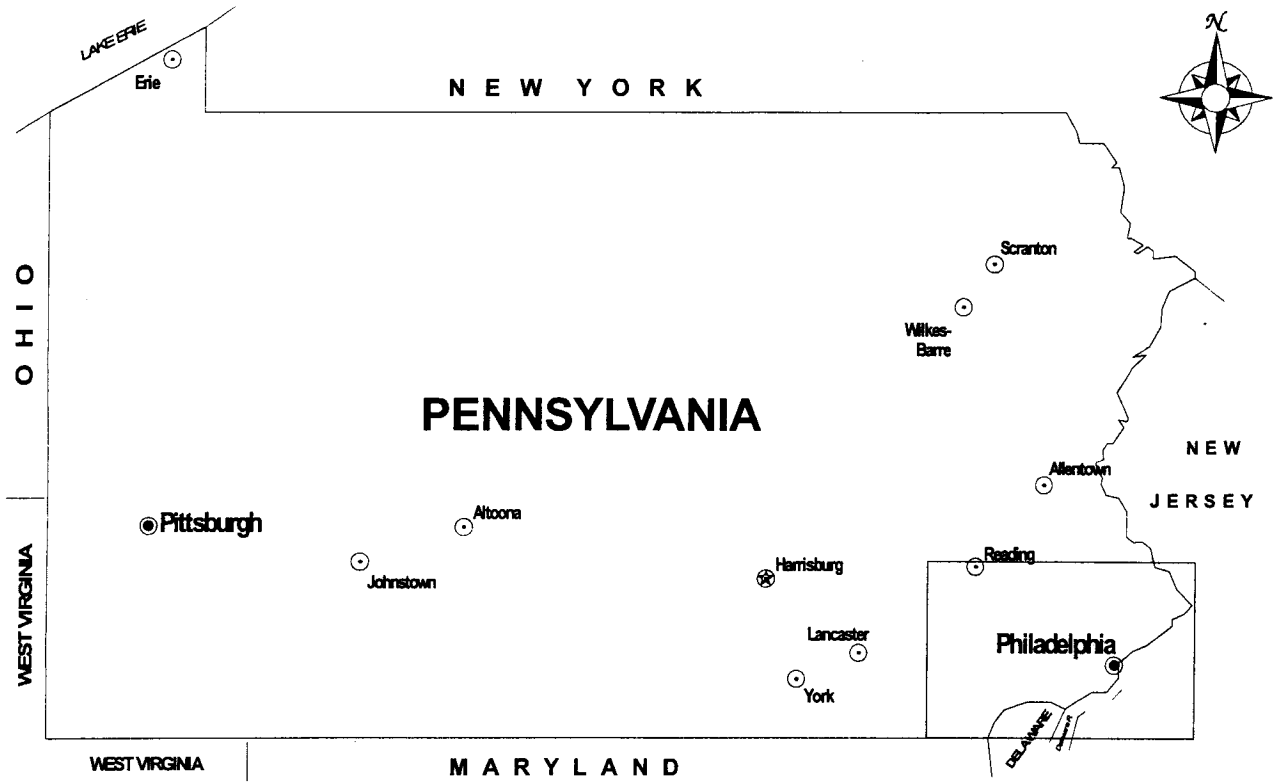
Buckley, Nagle, Brion,

McGuire, Morris & Sommer

Ralph Brown

Donald A. Loane, Sgt.

Barbacane, Thornton & Company



## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

March 27, 2004

Board of Supervisors  
West Goshen Township  
West Chester, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Chester, Pennsylvania, as of and for the year ended December 31, 2003, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Goshen Township, West Goshen, Pennsylvania's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Goshen, Pennsylvania, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2004 on our consideration of West Goshen Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 - 17 and pension funds' schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

**Board of Supervisors  
West Goshen Township**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Goshen Township, West Chester, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**BARBACANE, THORNTON & COMPANY**

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis of the Township of West Goshen, Pennsylvania provides an overview of the Township's financial performance for the year ended December 31, 2003. Please read it in conjunction with the Township's financial statements, which begin on page 18.

#### FINANCIAL HIGHLIGHTS

- The assets of West Goshen Township exceeded its liabilities at the close of the most recent fiscal year by \$45,030,266 (representing its net assets). Of this amount, \$12,749,427 (or its unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The total net assets do not include all the infrastructure of the governmental funds installed prior to 2003. When the cost of all of the general infrastructure assets is available, a more meaningful comparison can be made from year to year.
- The Township's total net assets increased by \$1,189,045.
- As of December 31, 2003, the Township's governmental funds reported combined ending fund balances of \$8,695,218, an increase of \$883,634 as compared to the prior year. Approximately 47 percent of this total, or \$4,094,046, is available for spending at the Township's discretion (*unreserved fund balance*).
- The Township's total debt decreased by \$451,852. The Township also currently refunded Sewer Revenue Bonds in the amount of \$5,500,000 to liquidate \$5,235,000 of existing debt, resulting in a total savings of \$399,860.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 18 and 19) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 20. For governmental activities, these statements explain how services were financed in the short term as well as what remains for future spending. The governmental and proprietary fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the Township as a Whole

##### *Statement of Net Assets and the Statement of Activities*

The analysis of the Township as a whole begins on page 18 with the Statement of Net Assets and the Statement of Activities.

These statements provide information that will help the reader to determine if the Township is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

These two statements report the Township's net assets and the changes in them during the year. The reader can think of the Township's net assets – the difference between assets and liabilities – as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in the Township's property base and the condition of the Township's assets, to assess the overall health of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental activities** – Most of the Township's basic services are reported here, including the police, fire, general administration, public works, parks and recreation. Earned income taxes, property taxes, intergovernmental revenues and franchise fees finance most of these activities.
- **Business-type activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer and waste and recycling activities are reported here. The Township also includes a separate legal entity in its report – the West Goshen Sewer Authority. The Sewer Authority is a public authority, which exists to provide facilities for use in the sewer operation of the Township Sewer Fund. The Sewer Authority is considered a blended component unit and is included with the business-type activities. Although legally separate, the Sewer Authority is important because the Township is financially accountable for it and, therefore, it has been included as an integral part of the primary government. The Authority is audited by Barbacane, Thornton & Company, whose report dated March 27, 2004 is publicly available through the offices of West Goshen Township.

### Reporting the Township's Most Significant Funds

#### *Fund Financial Statements*

Our analysis of the Township's major funds provides detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Supervisors establishes many other funds to help it control and manage money for particular purposes (Special Revenue Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (Capital Projects Funds). The Township's three kinds of funds – *governmental, proprietary and fiduciary* – use different accounting approaches.

**Governmental funds.** Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in reconciliations which follow the fund financial statements.

**Proprietary funds.** When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The Township as Trustee

**Reporting the Township's Fiduciary Responsibilities**

The Township is the trustee, or fiduciary, responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

**Entity-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of West Goshen Township, assets exceeded liabilities by \$45,030,266 at the close of 2003. This is an increase of \$1,189,045 from the previous year. Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Township's governmental and business-type activities.

**Table 1**  
**WEST GOSHEN TOWNSHIP'S NET ASSETS**  
**For the year ending December 31, 2003**

	Governmental activities		Business-Type activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 10,982,339	\$ 10,390,157	\$ 13,140,931	\$ 14,357,487	\$ 26,123,290	\$ 24,947,644
Capital assets	14,160,259	14,240,902	23,340,941	23,476,122	37,501,200	37,717,024
<b>Total assets</b>	<b>25,142,598</b>	<b>24,631,059</b>	<b>38,481,892</b>	<b>38,033,609</b>	<b>63,624,490</b>	<b>62,664,668</b>
Long-term liabilities outstanding	6,877,775	7,146,690	9,921,457	10,052,537	16,799,232	17,199,227
Other liabilities	622,956	714,510	1,172,036	909,710	1,794,992	1,624,220
<b>Total liabilities</b>	<b>7,500,731</b>	<b>7,861,200</b>	<b>11,093,493</b>	<b>10,962,247</b>	<b>18,594,224</b>	<b>18,823,447</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	7,177,863	6,845,656	20,501,516	20,743,511	27,679,381	27,589,167
Restricted for capital reserve	4,601,458	3,402,147	-	-	4,601,458	3,402,147
Unrestricted	5,862,544	6,522,056	6,886,883	6,327,851	12,749,427	12,849,907
<b>Total net assets</b>	<b>\$ 17,641,867</b>	<b>\$ 16,769,859</b>	<b>\$ 27,388,399</b>	<b>\$ 27,071,362</b>	<b>\$ 45,030,266</b>	<b>\$ 43,841,221</b>



**WEST GOSHEN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

As identified earlier, infrastructure assets of the governmental funds put into service prior to 2003 are not included within this report. It is the goal of the Township to include the historical cost of existing infrastructure within the financial statements by reporting year 2005. The largest portion of the Township's net assets, \$27,679,381, (or 62 percent), reflects its investment in capital assets (land, buildings, vehicles, machinery and equipment, and some infrastructure), less any related debt used to acquire those assets that is still outstanding. The majority of the outstanding debt of the Township was incurred for the construction of the Township's Municipal Complex and the significant upgrade to the Sewer Wastewater Treatment Plant. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Township's net assets, \$4,601,458 (or 10 percent), represents resources that are subject to external restrictions on how they may be used. This compares with last year's total restricted net assets of \$3,402,147. This increase is due primarily to transfers from the General Fund to offset debt service payments and transfers from the Administrative Premium Fund to help offset future capital projects.

The remaining balance of unrestricted net assets, \$12,749,427 (or 28 percent), may be used to meet the Township's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$12,849,907.

At the end of the current fiscal year, the Township is able to report positive balances in net assets, both for the government as a whole and for its business-type activities. The same situation held true for the prior fiscal year.

***Governmental Activities***

The net increase from the Township's governmental activities was \$872,008, which accounts for 73 percent of the total growth in net assets of the Township. The increase of \$872,008 of net assets is \$1,067,754 less than the previous year increase of \$1,939,762. Table 2 shows the changes in net assets for the year ended December 31, 2003.

The cost of all governmental activities this year was \$8,374,059. As shown in the Statement of Activities on page 19, the amount that our taxpayers ultimately financed for these activities through Township taxes was \$7,280,746. Other costs were paid by those who directly benefited from the programs (\$634,232) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$935,900).

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

**Table 2  
WEST GOSHEN TOWNSHIP'S CHANGES IN NET ASSETS  
For the year ending December 31, 2003**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 624,232	\$ 660,398	\$ 4,928,369	\$ 4,619,193	\$ 5,572,801	\$ 5,279,591
Operating grants & contributions	861,059	763,037	134,824	143,069	995,883	910,106
Capital grants & contributions	74,841	526,850	71,540	401,653	146,381	928,503
<b>General revenues:</b>						
Earned income taxes	5,071,263	5,228,193	-	-	5,071,263	5,228,193
Property taxes	1,402,116	1,410,361	-	-	1,402,116	1,410,361
Real estate transfer taxes	807,367	786,938	-	-	807,367	786,938
Franchise fees	239,504	214,797	-	-	239,504	214,797
Grants & contributions not restricted to specific programs	16,509	14,294	-	-	16,509	14,294
Other	139,176	188,676	312,324	303,094	451,700	691,770
<b>Total revenues</b>	<b>9,246,067</b>	<b>9,795,564</b>	<b>5,457,457</b>	<b>5,669,011</b>	<b>14,703,524</b>	<b>15,464,575</b>
<b>Expenses:</b>						
General government	1,686,167	1,555,814	-	-	1,686,167	1,555,814
Public safety	4,217,326	3,848,571	-	-	4,217,326	3,848,571
Highways/streets	1,203,438	1,161,725	-	-	1,203,438	1,161,725
Other public works	110,063	96,828	-	-	110,063	96,828
Library	5,000	5,230	-	-	5,000	5,230
Culture and recreation	853,745	875,077	-	-	853,745	875,077
Interest expense	298,320	312,537	-	-	298,320	312,537
Sewer operations	-	-	3,797,503	3,218,839	3,797,503	3,218,839
Waste and recycling	-	-	1,342,917	1,240,565	1,342,917	1,240,565
<b>Total expenses</b>	<b>8,374,059</b>	<b>7,835,802</b>	<b>5,140,420</b>	<b>4,439,404</b>	<b>13,514,479</b>	<b>12,315,206</b>
<b>Increase in net assets</b>	<b>872,008</b>	<b>1,959,762</b>	<b>317,037</b>	<b>1,209,607</b>	<b>1,189,045</b>	<b>3,149,369</b>
<b>Net assets - 1/1/2003</b>	<b>16,769,859</b>	<b>14,830,097</b>	<b>27,071,362</b>	<b>25,861,755</b>	<b>43,841,221</b>	<b>40,691,852</b>
<b>Net assets - 12/31/2003</b>	<b>\$ 17,641,867</b>	<b>\$ 16,769,859</b>	<b>\$ 27,388,399</b>	<b>\$ 27,071,362</b>	<b>\$ 45,030,266</b>	<b>\$ 43,841,221</b>

As indicated by governmental program expenses, public safety programs account for approximately 50 percent of the total expenditures of the Township's governmental activities. General administration and highways/streets services account for approximately 20 percent and 14 percent, respectively, of the total expenditures for 2003.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions, however, included:

- Increases in employee wages increased approximately four percent resulting from negotiated and general wage increases.
- Employee benefit costs rose by approximately 17 percent due to rising insurance costs.
- Property and liability insurance costs rose by more than 40 percent.

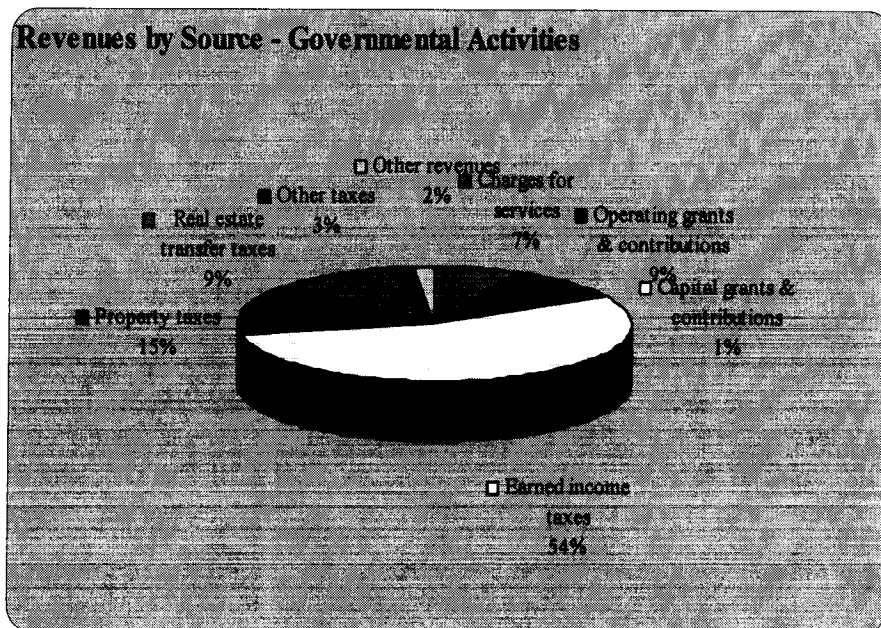
## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Real estate taxes, earned income taxes and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities. As identified on the previous page and below, earned income tax is the largest revenue source for governmental activities, accounting for approximately 54 percent of total revenues (same as the prior year). Property taxes and real estate transfer taxes provide approximately 15 percent and 9 percent, respectively, of total revenues (14 percent and eight percent in the prior year). The Township relies on these taxes to furnish the quality of life to citizens and businesses to which the Board of Supervisors has always been committed.

Major revenue factors included:

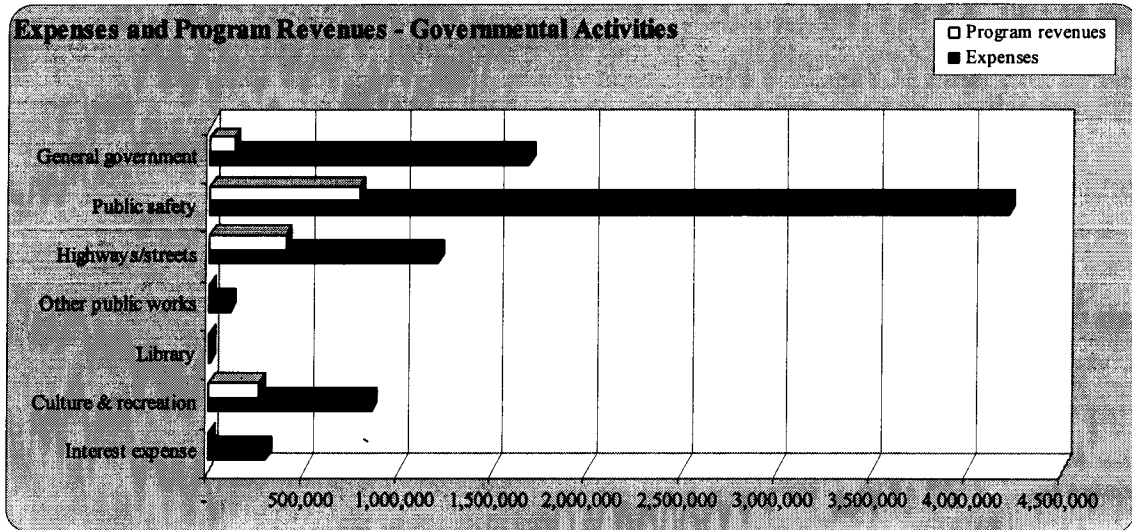
- Revenue from operating grants and contributions increased by \$96,022, or 12.5 percent, due primarily to a State GIS grant that benefited general government, public safety and other areas.
- Earned income tax revenue declined by \$156,930, or three percent, for the year ended 2003 due to rising unemployment.
- Governmental investment earnings fell from almost \$165,000 in the prior year to \$106,000 for 2003. The reduction to interest earnings was the result of a slowing economy and the subsequent reduction in interest rates.
- Capital grants and contributions declined from the prior year by almost \$452,000. Noncash contributions of land and infrastructure benefited the year 2002 whereas there were no non-cash contributions for the year 2003.



## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Program revenues support 21 percent of activity expenses. The following graph shows how program revenues supported activity expenses.



#### ***Business-type Activities***

The West Goshen Township sewer system was constructed by the West Goshen Sewer Authority at the request of the Township's Board of Supervisors. The Sewer Authority retains ownership of the system and leases it to the Township, which is responsible for its operation, maintenance and repair. Sewer expenditures, which total \$3,797,503 for 2003 (as compared to \$3,218,839 for the prior year), include "Rent to Sewer Authority" of \$592,665 for 2003 (as compared to \$1,023,660 for the prior year) for payment of the Sewer Authority's bond expense. This amount has been eliminated in the proprietary fund financial statements as well as in the statement of activities. See Note 3. The decrease in "Rent to Sewer Authority" was due to the refunding of the 1995 Sewer Bonds. (The refunding is explained further in the Long-term Debt section and in Note 6.) The Board of Supervisors establishes and collects sewer rental fees from users of the system. Both the Authority and the Township have written agreements with East Goshen Township, Westtown Township, West Whiteland Township and Thornbury Township to accept flows from these municipalities into the West Goshen system. The contracting of surplus capacity benefits the residents and business owners of West Goshen Township by distributing the fixed costs among a greater number of users, thereby lowering the costs of treatment. The revenues generated from these agreements for the year 2003 were \$1,307,754 as compared to \$1,100,176 for the prior year. The state is no longer providing Act 339 funding to the Sewer Authority for operations and maintenance resulting in a loss of approximately \$233,000. Sewer Fund fees charged to residents and businesses did not increase.

The Waste and Recycling Fund administers the collection of residential solid waste and recyclable material from Township homes. User fees primarily support the cost of this program. Each household is charged a flat rate for trash collection and unlimited recycling. A rate increase in the waste and recycling fees charged to residents and businesses became effective October 1, 2001. The current

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

rate was designed to cover the 65 percent increase contained in the five-year contract with the private waste and recycling contractor. Therefore, net revenues in this department will gradually decrease annually over the next three years. The Commonwealth of Pennsylvania also subsidizes the recycling program with a Performance Grant. The grant amount for 2003 was \$77,539 as compared to \$88,057 for the prior year.

Business-type activities increased the Township's net assets by \$317,037, accounting for 27 percent of the total growth in the Township's net assets. The increase of \$317,037 of net assets is \$892,570 less than the previous year increase of \$1,209,607.

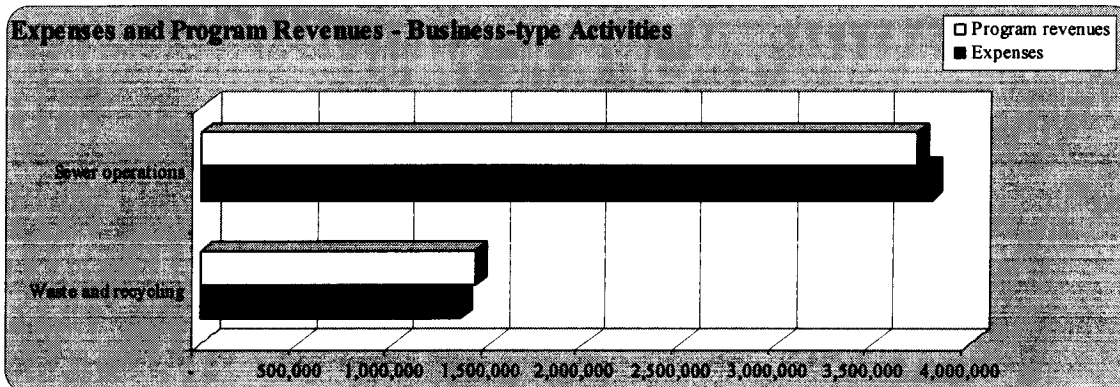
Major revenue factors include:

- Capital grants and contributions declined by \$330,115 over the previous year due primarily to cuts in state funding for Act 339.
- Investment earnings fell from almost \$453,000 in the prior year to \$263,500 for 2003. The reduction to interest earnings was the result of a slowing economy and the subsequent reduction in interest rates.
- Charges for services increased approximately \$319,000 over the previous year primarily due to increased flows to other municipalities.

Major expense factors include:

- Increased operating expenses of the Sewer Authority in the amount of \$281,764 due almost entirely to engineering fees for various projects.
- Increases in employee wages increased approximately four percent resulting from general wage increases.
- Employee benefit costs rose by approximately 17 percent due to rising insurance costs.
- Property and liability insurance costs rose by more than 40 percent.

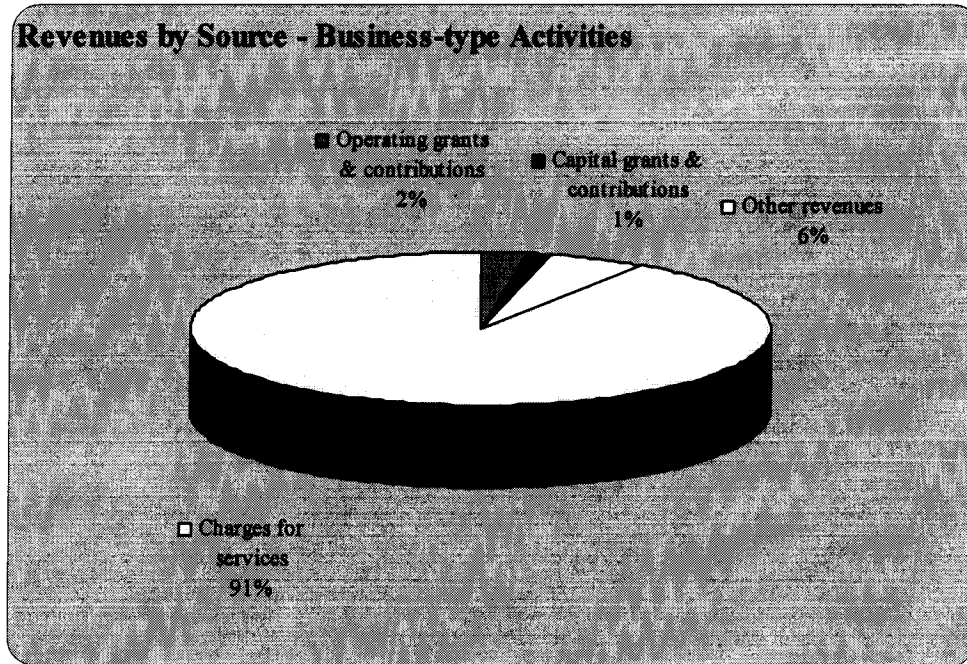
The following graph compares the charges for services to the operating expenses of each fund.



## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

As shown on the following chart, the revenues of the Township's Business-type activities included capital and operating grants and investment income in addition to charges for services (operating revenues). Capital grants, operating grants and investment income revenues are not specific to an individual program, but to the activity as a whole.



### FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2003, the Township's governmental funds reported combined ending balances of \$8,695,218, an increase of \$883,634 as compared to the prior year. Approximately 47 percent, or \$4,094,046, constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of the fund balance is reserved, which means that it is not available for new spending because it has already been committed to pay for: 1) debt service; 2) capital improvements; or 3) additional security for bonds.

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

The **General Fund** is the chief operating fund of West Goshen Township. As of December 31, 2003, the total fund balance of the General Fund was \$3,405,106 (as compared to \$3,300,757 for the prior year), all of which is unreserved. The fund balance of the General Fund increased by \$104,349 in fiscal year 2003. Key factors in this growth are as follows:

- The 2003 annual program budget for the general fund identified the appropriation of \$328,698 in fund balance to balance the budget.
- Actual revenues and other financing sources exceeded budgeted revenues in the general fund by approximately 4.6 percent, or \$390,668. The increase in revenues was primarily from real estate transfer taxes.
- Actual expenses and other financing uses were less than budgeted expenses by approximately 0.5 percent, or \$42,379. The decrease was due in part to a budgeted full-time police officer who served in the military overseas for the full year and repairs and maintenance for the Parks department that were less than budgeted.

**The Capital Reserve Fund** provides funding for debt service, capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. Major revenue sources for the Capital Reserve Fund are transfers from the General Fund and Restricted Parks account. The General Fund transfers monies to the Capital Reserve Fund to pay for capital expenditures associated with the general operation of the Township, and also for General Obligation debt service payments. The Restricted Parks account transfers monies to the Capital Reserve Fund to pay for expenses that are associated with the Township's parks.

Capital improvements financed out of this fund in 2003 totaled \$158,976 in the following categories: General Government (\$1,444 – design costs for the Skate Park); Public Works (\$42,177 – traffic signal upgrades and emergency pre-emption devices); and Culture and Recreation (\$115,356 – construction of Community Park Maintenance Garage).

The total fund balance as of December 31, 2003, is \$4,601,458, all of which is reserved as previously explained.

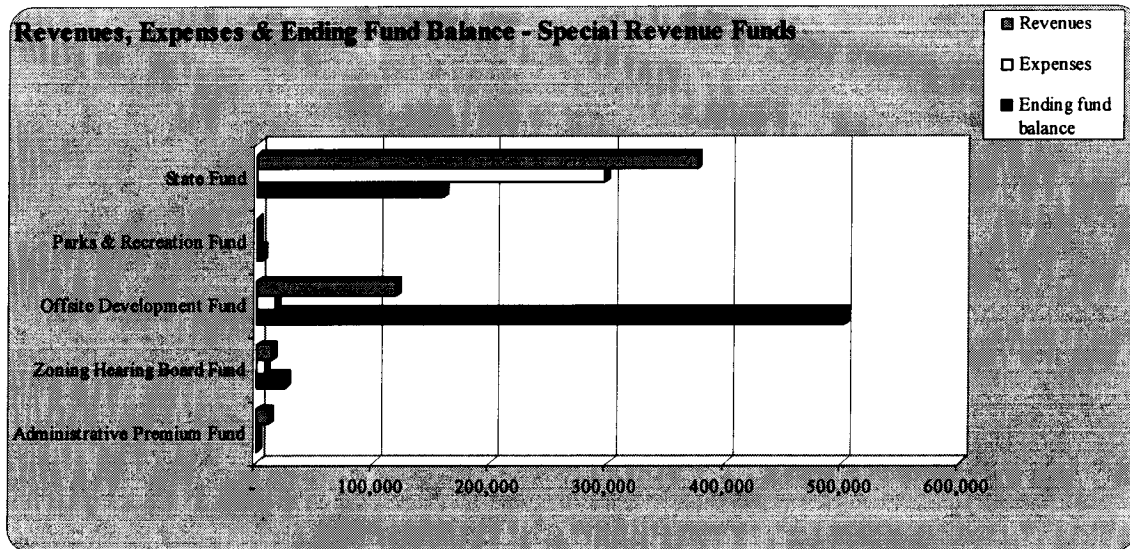
**Special Revenue Funds** are maintained to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Special Revenue Funds include State Fund, Parks and Recreation, Offsite Development, Zoning Hearing Board and Administrative Premium Fund. Major revenue sources for these funds include grants from the Commonwealth, contributions, charges for services and interest earnings.

- **State Funds** – The Township received \$372,554 (compared to \$365,763 in the prior year) from the Commonwealth of Pennsylvania to pay for various expenses including roadway resurfacing, snow removal and capital purchases for the Public Works department.

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

- **Offsite Development Fund** – The Township received \$113,560 (compared to \$135,000 in the prior year) from building contractors for open space projects. Expenditures from this fund were \$15,943 – The Township refunded escrow monies to East Bradford Township that were held to assist with construction costs of the traffic signal at Route 322 and Downingtown Pike.
- **Administrative Premium Fund** – The Board of Supervisors, by resolution, approved closing this fund and transferring the balance of these funds, \$515,806, to the Capital Reserve Fund for future capital projects.



The total fund balance as of December 31, 2003, is \$688,654 (as compared to \$1,108,680 in the prior year), all of which is unreserved as previously explained.

The financial statements for the governmental funds can be found on pages 20-31 of this report.

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the entity-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer, Waste and Recycling, Sewer Authority and Sewer Reserve Funds at the end of the year amounted to \$6,886,883 as compared to \$6,327,851 in the prior year. The total growth in net assets was \$559,032. Factors contributing to the finances of these three funds have already been addressed in the discussion of the Township's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's budget and actual results can be found on pages 24-25.

For 2003, there were no revisions to the General Fund budget.



**WEST GOSHEN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

As identified earlier, actual revenues and other financing sources exceeded budgeted amounts. Actual expenditures and other financing uses were less than budgeted expenditures by \$42,379.

The program budget for the General Fund anticipated the use of \$328,698 of fund balance in order to balance the budget. Because revenues exceeded budgetary estimates, the Township did not need to draw upon the existing fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets.* The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2003 amounts to \$37,427,233, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, land improvements and some infrastructure. The total decrease in the Township's investment in capital assets for the current fiscal year was a total of approximately \$289,790, net of accumulated depreciation, or a 0.8 percent decrease. As mentioned earlier, the infrastructure of governmental activities installed prior to 2003 is not included within these statements.

**Table 3**  
**WEST GOSHEN TOWNSHIP'S CAPITAL ASSETS**  
**For the year ending December 31, 2003**

	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Buildings and improvements	\$ 5,828,682	\$ 5,817,090	\$ 11,218,568	\$ 11,190,010	\$ 17,047,250	\$ 17,007,100
Machinery and equipment	2,672,304	2,594,173	7,292,908	6,987,203	9,965,212	9,581,376
Vehicles	969,902	881,577	211,261	210,385	1,181,163	1,091,962
Land	3,128,044	3,128,044	82,083	82,083	3,210,127	3,210,127
Land improvements	1,842,545	1,816,794	560,571	560,571	2,403,116	2,377,365
Infrastructure	2,449,369	2,407,192	15,538,211	15,538,211	17,987,580	17,945,403
Construction in progress	116,799	-	497,405	282,414	614,204	282,414
Total capital assets	17,007,645	16,644,370	35,401,007	34,850,877	52,408,652	51,495,747
Less accumulated depreciation	(2,847,386)	(2,403,968)	(12,134,033)	(11,974,755)	(14,981,419)	(13,778,723)
Capital assets, net of Depreciation	\$ 14,160,259	\$ 14,240,402	\$ 23,266,974	\$ 22,876,122	\$ 37,427,233	\$ 37,717,024

Major capital assets in the governmental funds acquired during the current fiscal year included the following:

- \$115,356 – construction-in-progress of the Community Park Maintenance Garage;
- \$42,177 - Traffic signal upgrades included green LEDs and emergency pre-emption devices;

**WEST GOSHEN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

- \$78,798 – Roads Department dump truck;
- \$32,609 – Roads Department pickup truck;
- \$43,652 - purchase of two new Police vehicles;
- \$37,342 – Turner Lane property upgrades, including paving, fencing and block work;
- \$27,629 – Mobile data computers and communications recorders for two police vehicles;
- \$27,822 – Chipper for the Roads Department;
- \$11,088 – Total Station (Data Collection) for the Roads Department;
- \$5,000 – Speed Display unit for the Police Department; and
- \$6,591 – Computer equipment for the Finance Department.

Major capital assets in the business-type activities and proprietary funds acquired during the current fiscal year included the following:

- \$52,507 – Jet machine trailer;
- \$23,000 – New center mechanism;
- \$26,904 – SUV for the Sewer Department;
- \$300,189 – Equipment improvements to pumping station #13;
- \$236,004 – Additions and alterations to the Taylor Run pumping station; and
- \$187,810 – Construction of new garage at the Sewer Plant.

Additional information about the Township's capital assets is presented in Note 4 to the Financial Statements.

**Long-term Debt**

At December 31, 2003, the Township had \$17,554,394 in bonds, notes and capital leases outstanding versus \$18,006,246 last year – a decrease of 2.5 percent – as shown in Table 4 below.

	Governmental activities		Business-Type activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 6,904,000	\$ 7,376,000	\$ -	\$ -	\$ 6,904,000	\$ 7,376,000
Capital lease	78,394	19,246	-	-	78,394	19,246
Sewer Revenue bonds	-	-	5,425,000	5,235,000	5,425,000	5,235,000
Sewer Revenue notes	-	-	5,147,000	5,376,000	5,147,000	5,376,000
<b>Total outstanding debt</b>	<b>\$ 6,982,394</b>	<b>\$ 7,395,246</b>	<b>\$ 10,572,000</b>	<b>\$ 10,611,000</b>	<b>\$ 17,554,394</b>	<b>\$ 18,006,246</b>

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

New debt issued this year included capital leases of \$104,907 to purchase two new Roads Department trucks. Other obligations of the Township include compensated absences of \$621,823.

In March 2003, the West Goshen Sewer Authority refunded the Sewer Revenue Bonds, Series of 1995. The Authority issued Sewer Revenue Bonds, Series of 2003 in the amount of \$5,500,000 to currently refund the 1995 Series. Refunding of the 1995 Series resulted in a total savings of \$399,860.

West Goshen Township maintains a "Aa3" rating from Moody's for its current debt issuances.

State statutes limit the amount of general obligation debt a governmental entity may issue to 250 percent of its average borrowing base (average revenues over the past three years). The current debt limitation for West Goshen Township is \$34,758,830, which is significantly in excess of the Township's outstanding debt.

Additional information about the Township's long-term debt can be found in Note 6 on pages 43-44 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.
- Interest rates for certificates of deposits continued to drop throughout year 2003 to a low of 1.10 percent.
- New housing growth has been moderate and property values have been on the rise. The number of real estate sales in the Township directly affects the revenue streams of real estate transfer taxes.
- Changes in the pension laws, specifically Act 30 of 2002, and contractual changes to the pension plans continue to place added financial burdens on the Township to supplement State Aid.
- The \$12.2 million General Fund budget represents a 6.6 percent increase from the 2003 budget. The real estate tax rate was set at 1.50 mills, a 76 percent increase from 2003.
- Costs for services have continued to rise, far outpacing revenues. The increases are largely attributed to expanded staffing, salary increases and the increased cost of providing employee benefits.
- Sewer and waste and recycling user fees were not increased for 2004.
- The Township plans to construct a Skate Park on Route 100, with construction beginning in 2004. Design costs of \$210,000 are budgeted for 2004. We anticipate receiving \$150,000 in grants from both the County and DCNR to assist in covering these costs. The balance of financing will be a transfer from the Restricted Parks account.

All of these factors were considered in preparing the Township's budget for the 2004 fiscal year.

**WEST GOSHEN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of West Goshen Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, West Goshen Township, 1025 Paoli Pike, West Chester, PA 19380-4699.

General information relating to West Goshen Township can be found on its website, <http://www.westgoshen.org>.

WEST GOSHEN TOWNSHIP  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2003

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	(Memorandum Only)	
	2003	2002	2003	2002
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 7,313,699	\$ 3,725,051	\$ 11,038,750	\$ 9,512,765
Cash and cash equivalents, restricted	-	1,668,300	1,668,300	1,867,273
Investments	1,248,310	1,800,943	3,049,253	3,498,056
Accounts and other receivables, net	2,420,330	6,435,775	6,435,775	6,147,807
Due from developers	-	1,494,587	3,914,917	3,906,387
Total Current Assets	<u>10,982,339</u>	<u>15,140,951</u>	<u>26,123,290</u>	<u>15,357,445</u>
Noncurrent Assets:				
Depreciable capital assets, net	10,915,416	22,687,486	33,602,902	34,306,565
Land	3,128,044	82,083	3,210,127	3,128,044
Construction-in-progress	116,799	497,405	614,204	282,414
Bond issuance costs	-	73,967	73,967	-
Total Noncurrent Assets	<u>14,160,259</u>	<u>23,340,941</u>	<u>37,501,200</u>	<u>37,717,023</u>
<b>TOTAL ASSETS</b>	<b>\$ 25,142,598</b>	<b>\$ 38,481,892</b>	<b>\$ 63,624,490</b>	<b>\$ 62,664,668</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable	\$ 46,196	\$ 286,900	\$ 333,096	\$ 104,121
Cash overdraft	286	-	286	286
Developers' deposits	-	139,752	139,752	141,316
Compensated absences payable within one year	33,030	10,384	43,414	293,090
Capital leases payable within one year	43,444	-	43,444	9,407
Bonds payable within one year	-	495,000	495,000	375,000
Notes payable within one year	500,000	240,000	740,000	701,000
Total Current Liabilities	<u>622,956</u>	<u>1,172,036</u>	<u>1,794,992</u>	<u>1,624,220</u>
Noncurrent Liabilities:				
Compensated absences	438,825	139,584	578,409	278,388
Capital leases payable	34,950	-	34,950	9,839
Bonds payable	-	4,930,000	4,930,000	4,860,000
Deferred amount on refunding	-	(55,127)	(55,127)	-
Notes payable	6,404,000	4,907,000	11,311,000	12,051,000
Total Noncurrent Liabilities	<u>6,877,775</u>	<u>9,921,457</u>	<u>16,799,232</u>	<u>17,199,227</u>
<b>TOTAL LIABILITIES</b>	<b>7,500,731</b>	<b>11,093,493</b>	<b>18,594,224</b>	<b>18,823,447</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	7,177,865	20,501,516	27,679,381	27,589,167
Restricted for capital reserve	4,601,458	-	4,601,458	3,402,147
Unrestricted	5,862,544	6,886,883	12,749,427	12,849,907
<b>TOTAL NET ASSETS</b>	<b><u>17,641,867</u></b>	<b><u>27,388,399</u></b>	<b><u>45,030,266</u></b>	<b><u>43,841,221</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,142,598</b>	<b>\$ 38,481,892</b>	<b>\$ 63,624,490</b>	<b>\$ 62,664,668</b>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003

Functions/Programs Primary Government GOVERNMENTAL ACTIVITIES	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
	2003	2002	Governmental Activities	Business-Type Activities	(Memorandum Only) 2002
General government	\$ 1,686,167	\$ 56,340	\$(1,558,931)	-	\$(1,438,758)
Public safety	4,217,326	411,057	(3,434,092)	-	(3,160,411)
Public works - highways and streets	1,203,438	-	(806,726)	-	(719,326)
Other public works	110,063	-	(110,063)	-	(96,828)
Library	5,000	-	(5,000)	-	(5,250)
Culture and recreation	853,745	166,835	(590,795)	74,841	(170,407)
Interest expense	298,320	-	(298,320)	-	(312,537)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>8,374,059</u>	<u>634,232</u>	<u>(6,803,927)</u>	<u>-</u>	<u>(5,903,517)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer operations	3,797,503	3,591,812	-	(76,866)	540,188
Waste and recycling	1,342,917	1,346,757	-	81,379	166,325
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>5,140,420</u>	<u>4,938,569</u>	<u>-</u>	<u>4,513</u>	<u>706,513</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$13,514,479</u>	<u>\$5,572,801</u>	<u>(6,803,927)</u>	<u>4,513</u>	<u>(5,197,004)</u>
<b>GENERAL REVENUES</b>					
Taxes:					
Real estate taxes			1,402,116	-	1,402,116
Real estate transfer taxes			807,367	-	807,367
Earned income taxes			5,071,263	-	5,071,263
Franchise fees			239,504	-	239,504
Investment earnings			106,601	263,501	370,102
Grants and contributions not restricted to specific programs			16,509	-	16,509
Gain (Loss) on sale of capital assets			(1,178)	8,368	7,190
Miscellaneous			33,753	40,655	74,408
<b>TOTAL GENERAL REVENUES</b>			<u>7,675,935</u>	<u>312,524</u>	<u>7,988,459</u>
CHANGE IN NET ASSETS			872,008	317,037	1,189,045
<b>NET ASSETS, BEGINNING OF YEAR</b>			<u>16,769,859</u>	<u>27,071,362</u>	<u>40,691,852</u>
<b>NET ASSETS, END OF YEAR</b>			<u>\$17,641,867</u>	<u>\$27,388,399</u>	<u>\$43,841,221</u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2003

	Major Funds		Nonmajor Governmental Funds	Totals (Memorandum Only)	
	General Fund	Capital Reserve Fund		2003	2002
<b>ASSETS</b>					
Cash and cash equivalents	\$2,922,643	\$3,702,116	\$ 688,940	\$ 7,313,699	\$ 6,174,496
Investments	346,613	901,697	-	1,248,310	1,739,036
Accounts receivable, net	72,498	6,695	-	79,193	31,991
Taxes receivable, net	<u>2,341,137</u>	-	-	<u>2,341,137</u>	<u>2,444,634</u>
<b>TOTAL ASSETS</b>	<b>\$5,682,891</b>	<b>\$4,610,508</b>	<b>\$ 688,940</b>	<b>\$10,982,339</b>	<b>\$10,390,157</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 37,146	\$ 9,050	\$ -	\$ 46,196	\$ 27,027
Cash overdraft	-	-	286	286	286
Accrued compensated absences	-	-	-	-	205,790
Deferred revenues	<u>2,240,639</u>	-	-	<u>2,240,639</u>	<u>2,345,470</u>
<b>TOTAL LIABILITIES</b>	<b>2,277,785</b>	<b>9,050</b>	<b>286</b>	<b>2,287,121</b>	<b>2,578,573</b>
<b>FUND BALANCES</b>					
Reserved for capital projects	-	4,601,458	(286)	4,601,172	3,401,861
Unreserved:					
General fund	3,405,106	-	688,940	3,405,106	3,300,757
Special revenue funds	-	-	-	688,940	1,108,966
<b>TOTAL FUND BALANCES</b>	<b>3,405,106</b>	<b>4,601,458</b>	<b>688,654</b>	<b>8,695,218</b>	<b>7,811,584</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$5,682,891</b>	<b>\$4,610,508</b>	<b>\$ 688,940</b>	<b>\$10,982,339</b>	<b>\$10,390,157</b>

The accompanying notes are an integral part of these financial statements.

**WEST GOSHEN TOWNSHIP  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

**TOTAL GOVERNMENTAL FUND BALANCES** **\$ 8,695,218**

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. These assets consist of:

Depreciable capital assets, net	10,915,416
Land	3,128,044
Construction-in-progress	116,799

Some of the Township's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 2,240,639

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital leases	(78,394)
Compensated absences	(471,855)
Notes payable	<u>(6,904,000)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 17,641,867**

The accompanying notes are an integral part of these financial statements.



WEST GOSHEN TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Totals (Memorandum Only)
	2003	2003	2003	2002
<b>REVENUES</b>				
Taxes	\$ 7,385,577	-	-	\$ 7,272,386
Licenses and permits	243,859	-	-	219,950
Fines, forfeits and costs	152,729	-	-	187,112
Investment earnings	63,927	37,981	16,819	177,501
Intergovernmental revenues	505,013	74,841	372,554	759,700
Charges for services/fees	338,830	-	12,633	320,845
Contributions	-	-	113,560	135,000
Miscellaneous revenue/other	33,753	-	-	23,463
<b>TOTAL REVENUES</b>	<u>8,723,688</u>	<u>112,822</u>	<u>515,566</u>	<u>9,095,957</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,476,158	74,632	-	1,386,408
Public safety	3,962,722	61,729	6,403	3,816,987
Public works - highways and streets	829,194	-	301,344	618,378
Other public works	110,063	-	-	96,828
Library	5,000	-	-	5,250
Culture and recreation	769,100	6,866	-	759,634
Capital outlay	-	158,976	-	459,518
Miscellaneous expenditures	-	-	27	27,655
Debt service:				
Principal	34,266	472,000	11,493	481,719
Interest and other charges	-	298,320	-	312,537
<b>TOTAL EXPENDITURES</b>	<u>7,186,503</u>	<u>1,072,523</u>	<u>319,267</u>	<u>7,964,914</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,537,185</u>	<u>(959,701)</u>	<u>196,299</u>	<u>1,131,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease	72,298	-	32,609	29,715
Sale of/compensation for sale of capital assets	4,944	-	-	-
Transfers in	-	2,159,012	-	1,072,126
Transfers out	<u>(1,510,078)</u>	<u>-</u>	<u>(648,934)</u>	<u>(1,072,126)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,432,836)</u>	<u>2,159,012</u>	<u>(616,325)</u>	<u>29,715</u>
<b>NET CHANGES IN FUND BALANCES</b>	104,349	1,199,311	(420,026)	1,160,758
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,300,757</u>	<u>3,402,147</u>	<u>1,108,680</u>	<u>6,650,826</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,405,106</u>	<u>\$ 4,601,458</u>	<u>\$ 688,654</u>	<u>\$ 7,811,584</u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 883,634

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (70,624)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues decreased by this amount this year. (104,831)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net book value of the capital assets sold and the fair market value of capital assets traded in. (10,019)

The issuance of long-term debt (e.g., notes, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 412,852

In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) (239,004)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 872,008

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Real estate - current	\$ 1,400,000	\$ 1,352,565	(47,435)
Real estate - delinquent and interest	26,000	27,411	1,411
Real estate - interims	10,000	16,972	6,972
Real estate - transfer	500,000	807,367	307,367
Earned income	5,250,000	5,181,263	(68,737)
Licenses and permits	217,440	243,859	26,419
Fines, forfeits and costs	175,500	152,729	(22,771)
Interest, dividends and rents	95,900	63,927	(31,973)
Intergovernmental revenues	439,305	505,013	65,708
Charges for services/fees	272,750	338,830	66,080
Miscellaneous revenue/other	23,368	33,753	10,385
<b>TOTAL REVENUES</b>	<u>8,410,263</u>	<u>8,723,689</u>	<u>313,426</u>
<b>EXPENDITURES</b>			
Current			
General government:			
Administration	1,146,429	1,040,061	106,368
Auditing	19,307	29,571	(10,264)
Tax collection	118,021	116,341	1,680
Engineering	132,718	118,141	14,577
Building maintenance	180,350	172,045	8,305
Public safety:			
Police	3,350,922	3,188,309	162,613
Fire protection	535,359	561,293	(25,934)
Code Enforcement	184,394	174,920	9,474
Planning and zoning	37,720	37,500	220
Emergency management	620	700	(80)
Public works - highways and streets:			
Administration	342,195	389,021	(46,826)
Winter maintenance	19,832	26,067	(6,235)
Road Maintenance	383,497	393,425	(9,928)
Road construction	24,560	20,681	3,879
Other public works:			
Traffic signal maintenance	95,651	83,836	11,815
Street lighting	30,000	26,227	3,773
Library	5,000	5,000	-
Culture and recreation:			
Recreation	210,963	199,162	11,801
Parks	681,750	569,938	111,812
Nondepartmental:			
Debt service - principal	-	34,266	(34,266)
<b>TOTAL EXPENDITURES</b>	<u>7,499,288</u>	<u>7,186,504</u>	<u>312,784</u>

Continued on next page.

WEST GOSHEN TOWNSHIP  
 BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXCESS OF REVENUES OVER EXPENDITURES	<u>910,975</u>	<u>1,537,185</u>	<u>631,154</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	-	72,298	72,298
Sale of/compensation for capital assets	-	4,944	4,944
Interfund transfers	<u>(1,239,673)</u>	<u>(1,510,078)</u>	<u>(270,405)</u>
TOTAL OTHER FINANCING USES	<u>(1,239,673)</u>	<u>(1,432,836)</u>	<u>(193,163)</u>
NET CHANGES IN FUND BALANCES	(328,698)	104,349	433,047
FUND BALANCE, BEGINNING OF YEAR	<u>3,300,757</u>	<u>3,300,757</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,972,059</u>	<u>\$ 3,405,106</u>	<u>\$ 433,047</u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
 BUDGETARY COMPARISON STATEMENT - CAPITAL RESERVE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest earnings	\$ 53,957	\$ 37,981	(15,976)
Grants	104,585	74,841	(29,744)
TOTAL REVENUES	<u>158,542</u>	<u>112,822</u>	<u>(45,720)</u>
EXPENDITURES			
Current:			
General government	64,170	76,076	(11,906)
Public works - highways and streets	161,000	102,685	58,315
Culture and recreation	208,088	123,442	79,646
Debt service			
Principal	472,000	472,000	-
Interest	329,800	298,320	31,480
TOTAL EXPENDITURES	<u>1,230,058</u>	<u>1,072,523</u>	<u>157,535</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,071,516)</u>	<u>(959,701)</u>	<u>111,815</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	1,367,761	2,159,012	791,251
TOTAL OTHER FINANCING SOURCES	<u>1,367,761</u>	<u>2,159,012</u>	<u>791,251</u>
NET CHANGES IN FUND BALANCES	296,245	1,199,311	903,066
FUND BALANCE, BEGINNING OF YEAR	<u>3,402,147</u>	<u>3,402,147</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,698,392</u>	<u>\$ 4,601,458</u>	<u>\$ 903,066</u>

WEST GOSHEN TOWNSHIP  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
DECEMBER 31, 2003

	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals (Memorandum Only)	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority		2003	2004
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$2,628,217	\$1,029,815	\$ 8,960	\$ 58,059	\$ 3,725,051	\$ 3,338,269
Cash and cash equivalents, restricted			1,668,300		1,668,300	1,867,273
Investments	669,779	46,036		1,085,128	1,800,943	1,759,020
Investments, restricted			6,435,775		6,435,775	6,147,807
Accounts receivable, net	1,081,548	398,210		14,829	1,494,587	1,429,762
Due from other funds					-	8,939
Due from developers					-	15,357
Total Current Assets	<u>4,379,544</u>	<u>1,474,061</u>	<u>8,129,330</u>	<u>1,158,016</u>	<u>15,140,951</u>	<u>14,566,427</u>
Noncurrent Assets:						
Bond issuance costs			73,967		73,967	-
Construction-in-progress			497,405		497,405	-
Capital assets, net	267,032		22,502,537		22,769,569	23,476,121
Total Noncurrent Assets	<u>267,032</u>		<u>23,073,909</u>		<u>23,340,941</u>	<u>23,476,121</u>
<b>TOTAL ASSETS</b>	<u>\$4,646,576</u>	<u>\$1,474,061</u>	<u>\$31,203,239</u>	<u>\$1,158,016</u>	<u>\$38,481,892</u>	<u>\$38,042,548</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current Liabilities:						
Accounts payable	\$ 55,264	\$ 17,542	\$ 214,094	\$ -	\$ 286,900	\$ 77,094
Due to other funds						8,939
Developer deposits			139,752		139,752	141,316
Compensated absences	10,384				10,384	87,300
Bonds payable within one year			495,000		495,000	375,000
Notes payable within one year			240,000		240,000	229,000
Total Current Liabilities	<u>65,648</u>	<u>17,542</u>	<u>1,088,846</u>		<u>1,172,036</u>	<u>918,649</u>
Noncurrent Liabilities:						
Compensated absences	137,956	1,628			139,584	45,537
Bonds payable			4,930,000		4,930,000	4,860,000
Deferred amount on refunding			(55,127)		(55,127)	-
Notes payable	<u>137,956</u>	<u>1,628</u>	<u>4,907,000</u>		<u>4,907,000</u>	<u>5,147,000</u>
Total Noncurrent Liabilities	<u>203,604</u>	<u>19,170</u>	<u>9,781,873</u>		<u>9,921,457</u>	<u>10,052,537</u>
<b>TOTAL LIABILITIES</b>			<u>10,870,719</u>		<u>11,093,493</u>	<u>10,971,186</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	267,032		20,234,484		20,501,516	20,743,511
Unrestricted	<u>4,175,940</u>	<u>1,454,891</u>	<u>98,036</u>	<u>1,158,016</u>	<u>6,886,883</u>	<u>6,327,851</u>
<b>TOTAL NET ASSETS</b>	<u>4,442,972</u>	<u>1,454,891</u>	<u>20,332,520</u>	<u>1,158,016</u>	<u>27,388,399</u>	<u>27,071,362</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$4,646,576</u>	<u>\$1,474,061</u>	<u>\$31,203,239</u>	<u>\$1,158,016</u>	<u>\$38,481,892</u>	<u>\$38,042,548</u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals (Memorandum Only)	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority		2003	2004
<b>OPERATING REVENUES:</b>						
Fees	\$3,210,312	\$1,346,757	\$ 453,040	-	\$ 5,010,109	\$ 4,787,618
Other	94,505	3,435	-	-	97,940	79,966
<b>TOTAL OPERATING REVENUES</b>	<u>3,304,817</u>	<u>1,350,192</u>	<u>453,040</u>	-	<u>5,108,049</u>	<u>4,867,584</u>
<b>OPERATING EXPENSES:</b>						
Contracted services	-	1,268,686	-	-	1,268,686	1,161,974
Sewer collection	122,083	-	-	-	122,083	109,122
Sewer disposal	298,994	-	-	-	298,994	252,888
Salaries and wages	836,966	39,872	-	-	876,838	830,189
Engineering fees	-	-	297,985	-	297,985	18,913
Administration	63,955	20,186	34,722	-	118,863	107,414
Employee benefits	387,773	12,206	-	-	399,979	360,081
Supplies	-	500	-	-	500	2,199
Fuel and light	407,517	-	-	-	407,517	337,171
Repairs and maintenance	150,789	1,467	-	-	152,256	98,012
Depreciation	57,059	-	767,337	-	824,396	823,841
<b>TOTAL OPERATING EXPENSES</b>	<u>2,323,136</u>	<u>1,342,917</u>	<u>1,100,044</u>	-	<u>4,768,097</u>	<u>4,101,804</u>
<b>OPERATING INCOME (LOSS)</b>	979,681	7,275	(647,004)	-	339,952	765,780
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	40,750	13,680	-	-	263,501	480,140
Interest expense on bonds	-	-	192,243	16,828	(369,012)	(357,600)
Amortization expense	-	-	(3,311)	-	(3,311)	-
Other nonoperating revenue	8,368	77,539	-	-	85,907	321,287
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>49,118</u>	<u>91,219</u>	<u>(180,080)</u>	<u>16,828</u>	<u>(22,915)</u>	<u>443,827</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	1,028,799	98,494	(827,084)	16,828	317,037	1,209,607
Transfers in	-	-	627,665	-	627,665	1,055,660
Transfers out	(627,665)	-	-	-	(627,665)	(1,055,660)
<b>CHANGE IN NET ASSETS</b>	401,134	98,494	(199,419)	16,828	317,037	1,209,607
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,041,838	1,356,397	20,531,939	1,141,188	27,071,362	25,861,755
<b>NET ASSETS END OF YEAR</b>	<u>\$4,442,972</u>	<u>\$1,454,891</u>	<u>\$20,332,520</u>	<u>\$1,158,016</u>	<u>\$27,388,399</u>	<u>\$27,071,362</u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Major Enterprise Funds			Totals (Memorandum Only)		
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Enterprise Fund	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Received from customers	\$ 3,148,350	\$ 1,450,417	\$ 452,102	-	\$ 5,050,869	\$ 4,900,588
Paid to suppliers for goods and services	(1,039,265)	(1,303,514)	(337,710)	-	(2,680,489)	(2,230,470)
Paid to employees for services	(1,207,842)	(31,844)	-	-	(1,259,686)	(1,222,183)
NET CASH PROVIDED BY OPERATING ACTIVITIES	901,243	95,059	114,392	-	1,110,694	1,447,935
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Grants received from state	-	77,539	-	-	77,539	321,287
Received from interfund services	-	-	-	-	-	-
Payments for interfund services	(627,665)	-	627,665	-	(627,665)	-
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(627,665)	77,539	627,665	-	77,539	321,287
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>						
Interest paid	-	-	-	-	-	-
Principal payments	-	-	(369,012)	-	(369,012)	(357,600)
Current refunding of bond issue	-	-	(304,000)	-	(304,000)	(573,000)
Proceeds from bond issue	-	-	(5,235,000)	-	(5,235,000)	-
Acquisition and construction of capital assets	(104,701)	-	5,500,000	-	5,500,000	-
Proceeds from sale of capital assets	13,000	-	(302,272)	-	(406,973)	(547,768)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(91,701)	-	(710,284)	-	(801,985)	(1,478,368)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest and investment earnings	40,750	13,680	221,726	16,828	292,984	406,444
Purchase of investments, net of reinvestment	(23,799)	(1,504)	(449,856)	(16,264)	(491,423)	(1,036,598)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	16,951	12,176	(228,130)	564	(198,439)	(630,154)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	198,828	184,774	(196,357)	564	187,809	(339,300)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,429,389	845,041	1,873,617	57,495	5,205,542	5,544,842
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 2,628,217	\$ 1,029,815	\$ 1,677,260	\$ 58,059	\$ 5,393,351	\$ 5,205,542
<b>Operating income (loss)</b>	\$ 979,681	\$ 7,275	\$ (647,004)	\$ -	\$ 339,952	\$ 765,780
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>						
Depreciation	57,059	-	767,337	-	824,396	823,841
Changes in assets and liabilities:						
Accounts receivable	(156,467)	91,286	-	-	(65,181)	10,286
Due from other funds	-	8,939	-	-	8,939	(8,939)
Due from developers	-	-	(938)	-	(938)	(443)
Accounts payable	13,012	(12,675)	(3,439)	-	(3,102)	(106,093)
Due to other funds	(8,939)	-	-	-	(8,939)	8,939
Developers' deposits	-	-	(1,564)	-	(1,564)	(13,623)
Compensated absences	16,897	234	-	-	17,131	(31,913)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 901,243	\$ 95,059	\$ 114,392	\$ -	\$ 1,110,694	\$ 1,447,935
<b>SUPPLEMENTAL INFORMATION:</b>						
Restricted cash	-	-	-	-	-	-
Unrestricted cash	2,628,217	1,029,815	1,668,300	58,059	1,668,300	1,867,273
NET CASH INVESTING ACTIVITIES:	\$ 2,628,217	\$ 1,029,815	\$ 1,677,260	\$ 58,059	\$ 5,393,351	\$ 3,338,269
Net increase in fair value of investments	-	-	-	-	-	-
Amortization expense	-	-	-	-	-	-
Capital assets purchased in accounts payable	-	-	-	-	-	-
TOTAL NONCASH INVESTING ACTIVITIES	\$ -	\$ -	\$ (29,483)	\$ -	\$ (29,483)	\$ 46,617
	-	-	3,311	-	3,311	-
	-	-	212,908	-	212,908	-
	\$ -	\$ -	\$ 186,736	\$ -	\$ 186,736	\$ 46,617

The accompanying notes are an integral part of these financial statements.



WEST GOSHEN TOWNSHIP  
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2003

	Pension and Other Employee Benefit Trust Funds	Agency Funds	Totals (Memorandum Only)	
			<u>2003</u>	<u>2002</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 969,768	\$ 66,390	\$ 1,036,158	\$ 643,070
Interest receivable	-	-	-	3,219
Investments	<u>8,640,339</u>	<u>-</u>	<u>8,640,339</u>	<u>7,495,379</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 9,610,107</b></u>	<u><b>\$ 66,390</b></u>	<u><b>\$ 9,676,497</b></u>	<u><b>\$ 8,141,668</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Escrow deposits	\$ <u>-</u>	\$ <u>66,390</u>	\$ <u>66,390</u>	\$ <u>65,286</u>
<b>NET ASSETS:</b>				
Assets held in trust for pension and other employee benefits (schedule of funding progress for each pension plan is presented on page 56) and pool participants	<u><b>\$ 9,610,107</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 9,610,107</b></u>	<u><b>\$ 8,076,382</b></u>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP  
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Pension and Other Employee Benefit Trust Funds	
	2003	2002
ADDITIONS:		
Contributions:		
Employer contributions	\$ 215,729	\$ 160,377
State aid	306,807	281,823
Member contributions	93,455	91,109
Total Contributions	615,991	533,309
Investment earnings:		
Interest and dividends	280,390	267,156
Net decrease in fair value of investments	1,073,572	(884,707)
Total Investment Earnings	1,353,962	(617,551)
<b>TOTAL ADDITIONS</b>	<b>1,969,953</b>	<b>(84,242)</b>
DEDUCTIONS:		
Pension payments	339,820	319,256
Administrative expenses	49,318	42,527
Other expenses	47,090	50,204
<b>TOTAL DEDUCTIONS</b>	<b>436,228</b>	<b>411,987</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,533,725</b>	<b>(496,229)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>8,076,382</b>	<b>8,572,611</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,610,107</b>	<b>\$ 8,076,382</b>

The accompanying notes are an integral part of these financial statements.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Goshen Township (the "Township") complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

For financial reporting purposes, the Township's primary government includes all departments and agencies, bureaus, boards, commissions and certain authorities that make up the Township's legal entity. The Township's reporting entity also is comprised of its component units, which are legally separate organizations for which the Township's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14, "The Financial Reporting Entity." The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township may also be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Blended Component Unit

The West Goshen Sewer Authority is a public authority, which exists to provide facilities for use in the sewer operations of the Township Sewer Fund. The Authority is considered a blended component unit and is shown in the financial statements as part of the primary government proprietary funds. The Authority is audited by Barbacane, Thornton & Company, whose report dated March 27, 2004 is publicly available through the offices of West Goshen Township.

Basis of Presentation

*Entity-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities such as pension and agency funds.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue and capital projects funds and the restrictions on their net asset use.

***Fund Financial Statements***

Fund financial statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The two major governmental funds are each presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are presented by fund type.

The Township reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Reserve Fund accounts for the resources accumulated for future capital projects.

The Township reports the following proprietary funds:

- The Sewer Fund accumulates resources necessary for the operations and payment of lease rentals of the West Goshen Sewer Authority.
- The Waste and Recycling Fund accounts for the activities of the Township for the operation and maintenance of the Township's collection services.
- The Sewer Authority accounts for the activities of the West Goshen Sewer Authority, blended component unit of the Township. The Authority operates the sewage treatment plant, sewage pumping stations and collection systems.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Governmental Funds*

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major governmental funds of the Township include the general fund and the capital reserve fund. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. They include the capital projects fund, state fund, parks and recreation fund, offsite development fund, zoning hearing board and administrative premium fund.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

Property tax and earned income tax receivables collected after 60 days from year end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property and earned income tax receivables are recorded and deferred until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Further, as provided in GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Proprietary Funds*

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township's only proprietary funds are enterprise funds.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are sewer and waste recycling fees. Operating expenses for the Township's enterprise funds include sewer disposal, recycling, supplies and administrative costs, and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the entity-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

**Fiduciary Funds**

*Trust and Agency Funds* - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include Pension Trust and Agency Funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since the measurement of the economic resources is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The escrow account is presented as an Agency Fund of the Township.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, capital reserve fund and state fund special revenue fund, which is a nonmajor governmental fund. All annual appropriations lapse at fiscal year end. For 2003, there were no revisions to the general fund budget.

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Restricted Assets

Certain proceeds of the Sewer Revenue Bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants and to fund capital assets.

Investments

Investments consist of certificates of deposit, U.S. Government securities and pooled investment programs held by the Pennsylvania Local Government Investment Trust and are recorded at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements as well as in the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	5-20 years
Vehicles	5-10 years
Land improvements	10-20 years
Buildings and improvements	25-40 years
Utility systems	25-40 years
Infrastructure	20-50 years

## WEST GOSHEN TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Township's general infrastructure assets – those infrastructure assets not associated with its enterprise funds or business-type activities – consist of streets and roads and the related signals. As of December 31, 2003, the Township has capitalized and depreciated the general infrastructure assets it acquired on or after January 1, 2002. The Township is not required to capitalize and depreciate previously owned general infrastructure assets until its financial statements for the year ending December 31, 2007. The Township plans to record those previously owned assets a year earlier than required. When the Township records those previously owned assets, governmental activities net assets will increase.

#### Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums. Sick leave accrues to full-time, permanent employees and can be carried over from year to year. After 20 years of service, employees who retire are entitled to 20 percent of their accrued vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the entity-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. Historically, the general fund has been responsible for liquidation of compensated absences associated with governmental activities. Compensated absences associated with business-type activities are liquidated from the fund in which the liability was generated.

#### Long-Term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred amounts are recorded as a decrease to debt payable and amortized over the life of the debt.

In the fund financial statements, governmental fund types report discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds which are reported as other financing uses.

#### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.



WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Restricted Net Assets

Restricted net assets are comprised of assets, net of related liabilities, that are required to be set aside by revenue bond covenants for operations, maintenance and renewal and replacements. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed. Administrative expenses are paid with the use of unrestricted resources.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 DEPOSITS AND INVESTMENTS

The Township maintains various cash and investment accounts including sinking and other accounts required by contractual obligation. A central disbursement account is utilized to liquidate obligations applicable to several funds.

**Deposits** - The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral (with their trust department or other custodians) obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. The Township's deposits consist of checking, savings and money market accounts with a carrying value of \$8,216,240 and an aggregate bank balance of \$8,108,996 at December 31, 2003.

All the cash and cash equivalents of the Township were covered by the Federal Deposit Insurance Company (FDIC) or collateralized under the provisions of Act 72, as amended. A portion of the Township's cash deposits is in the Pennsylvania Local Government Investment Trust (PLGIT), which is a fund very similar to mutual funds. GASB Statement No. 3, paragraph 69, provides that certain types of cash deposits, such as investments in a state treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the Township does not own the specific securities. Therefore, the PLGIT cash deposits included in these statements will not be assigned a credit risk category. The carrying amount of PLGIT cash deposits at June 30, 2003 is \$4,490,810.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

Investments - Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, deposits in savings accounts or time deposits or share amounts of institutions insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund. The Township is also authorized to invest in obligations of the United States of America or any of its instrumentalities or agencies backed by the full faith and credit of the United States of America or the Commonwealth of Pennsylvania or any of its agencies or instrumentalities. Additionally, the Township may invest in shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Township Funds.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category one (1) includes investments that are insured or registered or for which the securities are held by the Township or its agents in the Township's name. Category two (2) includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category three (3) includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

	CATEGORY			CARRYING AMOUNT
	1	2	3	
Certificates of Deposit	\$ 3,049,253	\$ -	\$ -	\$ 3,049,253
U.S. Government Agency Securities	-	<u>6,435,775</u>	-	<u>6,435,775</u>
TOTAL	<u>\$ 3,049,253</u>	<u>\$ 6,435,775</u>	<u>\$ -</u>	<u>\$ 9,485,028</u>

NOTE 3 INTERFUND TRANSFERS

Interfund transfers:

Transfers out:		Transfers in:	
General fund	\$ 1,510,078	Capital reserve	\$ 2,159,012
Other governmental funds	648,934	Sewer Authority	<u>35,000</u>
Sewer Fund	<u>35,000</u>		
Total	<u>\$ 2,194,012</u>		<u>\$ 2,194,012</u>

Transfers represent funds set aside for the anticipation of future capital needs.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 INTERFUND TRANSFERS (cont'd)

Eliminations of interfund activity:

	<u>Sewer fund</u>	<u>Sewer Authority</u>	<u>Totals</u>
Revenue:			
Lease rental fees	\$ _____ -	\$ 592,665	\$ 592,665
Total	<u>\$ _____ -</u>	<u>\$ 592,665</u>	<u>\$ 592,665</u>
Expenses:			
Administration	\$ 592,665	\$ _____ -	\$ 592,665
Total	<u>\$ 592,665</u>	<u>\$ _____ -</u>	<u>\$ 592,665</u>

These amounts have been eliminated in the statement of revenues, expenses and changes in fund net assets – proprietary funds. These amounts represent operating lease payments and receipts for the sewer system between the primary government and the component unit and are reflected in the fund statements as transfers.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
General capital assets not being depreciated:				
Land	\$ 3,128,044	\$ -	\$ -	\$ 3,128,044
Construction-in-progress	_____ -	<u>116,799</u>	_____ -	<u>116,799</u>
Total general capital assets not being depreciated	<u>3,128,044</u>	<u>116,799</u>	_____ -	<u>3,244,843</u>
General capital assets being depreciated:				
Buildings and improvements	5,817,090	11,592	-	5,828,682
Vehicles	881,577	181,087	92,762	969,902
Infrastructure	2,407,192	42,177	-	2,449,369
Land improvements	1,816,794	25,751	-	1,842,545
Machinery and equipment	<u>2,594,173</u>	<u>78,131</u>	_____ -	<u>2,672,304</u>
Total general capital assets being depreciated	<u>13,516,826</u>	<u>338,738</u>	<u>92,762</u>	<u>13,762,802</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 4

CAPITAL ASSETS (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Buildings and improvements	399,294	106,745	-	506,039
Vehicles	514,490	140,643	82,743	572,390
Infrastructure	357,244	37,958	-	395,202
Land improvements	510,730	74,062	-	584,792
Machinery and equipment	<u>622,210</u>	<u>166,753</u>	<u>-</u>	<u>788,963</u>
Total accumulated depreciation	<u>2,403,968</u>	<u>526,161</u>	<u>82,743</u>	<u>2,847,386</u>
Total general capital assets being depreciated, net	<u>11,112,858</u>	<u>(187,423)</u>	<u>10,019</u>	<u>10,915,416</u>
Governmental Activities, Net	<u>\$14,240,902</u>	<u>\$ (70,624)</u>	<u>\$ 10,019</u>	<u>\$14,160,259</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 82,083	\$ -	\$ -	\$ 82,083
Construction-in-progress	<u>282,414</u>	<u>490,648</u>	<u>275,657</u>	<u>497,405</u>
Total capital assets not being depreciated	<u>364,497</u>	<u>490,648</u>	<u>275,657</u>	<u>579,488</u>
Capital assets being depreciated:				
Collection system - infrastructure	15,538,211	-	-	15,538,211
Land improvements	560,571	-	-	560,571
Buildings and improvements	11,190,010	28,558	-	11,218,568
Vehicles	210,385	26,904	26,028	211,261
Equipment	<u>6,987,203</u>	<u>352,030</u>	<u>46,325</u>	<u>7,292,908</u>
Total capital assets being depreciated	<u>34,486,380</u>	<u>407,492</u>	<u>72,353</u>	<u>34,821,519</u>
Accumulated depreciation:				
Collection system - infrastructure	5,186,098	279,688	-	5,465,786
Land improvements	102,886	12,156	-	115,042
Buildings and improvements	3,741,909	261,634	-	4,003,543
Vehicles	117,577	27,026	23,425	121,178
Equipment	<u>2,226,285</u>	<u>243,892</u>	<u>41,693</u>	<u>2,428,484</u>
Total accumulated depreciation	<u>11,374,755</u>	<u>824,396</u>	<u>65,118</u>	<u>12,134,033</u>
Total capital assets being depreciated, net	<u>23,111,625</u>	<u>(416,904)</u>	<u>7,235</u>	<u>22,687,486</u>
Business-type Activities, Net	<u>\$23,476,122</u>	<u>\$ 73,744</u>	<u>\$ 282,892</u>	<u>\$23,266,974</u>

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 4     CAPITAL ASSETS (cont'd)

Depreciation expense was charged to function/programs of the Township as follows:

Governmental Activities:

General government	\$ 107,303
Public safety	111,886
Public works	132,429
Culture and recreation	<u>148,474</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 500,092</u>

Business-Type Activities:

Sewer operations	<u>\$ 824,396</u>
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NOTE 5     CAPITAL LEASES - LESSEE

The Township entered into lease agreements as lessee for financing the acquisition of three vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

Vehicles acquired through capital leases	\$ 164,822
Less: accumulated depreciation	<u>(20,387)</u>
Total	<u>\$ 144,435</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2003 are as follows:

Year Ending December 31,

2004	\$ 46,822
2005	<u>36,353</u>
Total minimum lease payments	83,175
Less: amount representing interest	<u>(4,781)</u>
Present value of minimum lease payments	<u>\$ 78,394</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT

Governmental Activities:

Delaware Valley Regional Finance Authority -  
 General Obligation Note with interest at variable rates not to exceed 15% per annum, payable annually. Interest rates change on a weekly basis and are determined by the Bond Market Association Index. Maturity date is July 25, 2008. \$ 1,351,000

Delaware Valley Regional Finance Authority -  
 General Obligation Note with interest at a fixed rate of 4.909% per annum, payable annually. Maturity date is July 25, 2008. 5,553,000

6,904,000

Business-Type Activities:

Sewer Revenue Bonds, Series 2003, currently refunded Series 1995, with interest varying from 1.5% to 3.6%, payable semi-annually. The current refunding resulted in a total savings of \$399,860. Maturity date is September 1, 2013. 5,425,000

Delaware Valley Regional Finance Authority note with interest at variable rates not to exceed 25% per annum, payable annually. Interest rates change on a weekly basis and are determined by the Bond Market Association Index. Maturity date is July 18, 2025. 5,147,000

10,572,000

Grand Total \$ 17,476,000

An analysis of debt service requirements including sinking fund requirements to maturity on these obligations follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2004	\$ 1,235,000	\$ 488,993	\$ 1,723,993
2005	1,280,000	460,255	1,740,255
2006	1,333,000	432,980	1,765,980
2007	1,383,000	403,260	1,786,260
2008	1,441,000	370,353	1,811,353
2009-2013	6,383,000	1,293,304	7,676,304
2014-2018	<u>4,421,000</u>	<u>403,857</u>	<u>4,824,857</u>
	<u>\$17,476,000</u>	<u>\$ 3,853,002</u>	<u>\$ 21,329,002</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6      LONG-TERM DEBT (cont'd)

A schedule of changes in debt is as follows:

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/03</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Notes	\$ 7,376,000	\$ -	\$ 472,000	\$ 6,904,000	\$ 500,000
Capital Leases Payable	19,246	104,907	45,759	78,394	43,444
Compensated Absences	<u>438,641</u>	<u>33,214</u>	<u>-</u>	<u>471,855</u>	<u>33,030</u>
<b>Total Governmental Activities</b>	<u>\$ 7,833,887</u>	<u>\$ 138,121</u>	<u>\$ 517,759</u>	<u>\$ 7,454,249</u>	<u>\$ 576,474</u>
<b>Business-Type Activities:</b>					
Sewer Revenue Bonds	\$ 5,235,000	\$5,500,000	\$5,310,000	\$ 5,425,000	\$ 495,000
Sewer Revenue Notes	5,376,000	-	229,000	5,147,000	240,000
Compensated Absences	<u>132,837</u>	<u>17,131</u>	<u>-</u>	<u>149,968</u>	<u>10,384</u>
<b>Total Business-Type Activities</b>	<u>\$10,743,837</u>	<u>\$5,517,131</u>	<u>\$5,539,000</u>	<u>\$10,721,968</u>	<u>\$ 745,384</u>

NOTE 7      TAXES

For 2003, the following tax was levied on assessed value of real estate:  
.85 Mills for general purposes

The taxable assessed valuation of property as of December 31, 2003 was \$1,662,970,630.

The real estate tax collection calendar is as follows:

- Initial Billing            -    March 1
- Discount Period        -    March 1 - April 30
- Face Period             -    May - June 30
- Penalty Period         -    July 1 and thereafter
- Lien Date                -    February 28

Other taxes levied in 2003:

- Real Estate Transfer   -    1% of sale price
- Earned Income Tax    -    1% of gross income

NOTE 8      POLICE PENSION FUND

Plan description and provisions:

The West Goshen Township Police Pension Fund is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 5-1977 dated June 14, 1977, as amended. The plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Bryn Mawr Trust Company. West Goshen Township issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 8      POLICE PENSION FUND (cont'd)

As of January 1, 2003, pension plan membership consisted of the following:

Active employees	26
Retirees and beneficiaries currently receiving benefits	9
Vested terminated members	<u>1</u>
Total	<u>36</u>

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2003, disclosed that the pension plan benefit provisions are as follows:

Employees who retire at or after age 55 with 25 years of continuous service are entitled to a life annuity with 120 monthly guaranteed payments. The amount of monthly pension is equal to 50 percent of average monthly pay, plus a service increment of \$25 per month for each year of service in excess of 25 years but not more than \$100 additional per month. A member becomes 100 percent vested in the benefit accrued after 12 or more years of continued service.

If an active member dies, the member's beneficiary will receive a death benefit in a single lump sum equal to the member's contributions accumulated with interest. If a retired member dies, the death benefit is payable according to the normal form of annuity in effect.

An active member is eligible for disability benefit if the member is disabled as a result of a service-connected injury or disease. The monthly benefit will equal 1/12 of 50 percent of the calculated final average earnings.

Members' contributions are to be five percent of monthly regular salary, overtime, extra duty and longevity pay, accumulated at the rate of five percent per annum.

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting.

Deposits

At December 31, 2003, the carrying amount of the Police Pension Fund cash equivalents was \$100,226, equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name.

Valuation of Investments

The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities and pay administrative expenses charged by the insurance company.



WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

In accordance with GASB No. 25, investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The plan's investments may be categorized as either (1) insured or registered or for which the securities are held by the plan, or its agent in the plan's name; (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or as an agent in the plan's name; or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or as an agent but not in the plan's name.

Investments in external investment pools, such as those of the Township Police Pension Fund, or in mutual funds are disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Category			Total
	1	2	3	
Mutual funds	<u>\$3,871,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,871,379</u>
Insurance contracts				<u>1,288,369</u>
Total Investments				<u>\$5,159,748</u>

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (M.M.O.). The M.M.O. is based upon the plan's biennial actuarial valuation. Employees were required to contribute five percent to the plan during 2003. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the M.M.O. which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and paid from the general fund, which is reimbursed as pension investments are liquidated.

Concentrations

At December 31, 2003, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of plan net assets (\$5,259,974 x .05 = \$262,999):

Aetna Life Insurance Company	\$ 1,288,369
Harbor FD International FD Institute	496,682
PIMCO Total Return FD	630,977
T. Rowe Price Growth Stock FD	1,085,024
Vanguard - Equity Income Fund	1,071,483

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

Annual Pension Cost

The required contribution was determined as part of the January 1, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed basis. The remaining amortization period at December 31, 2003 was 15 years.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/03	\$ 207,813	100.00%	\$ -
12/31/02	\$ 147,714	100.00%	\$ -
12/31/01	\$ 139,738	100.00%	\$ -

NOTE 9 NON-UNIFORMED PENSION FUND

Plan description and provisions:

The West Goshen Township Non-Uniformed Pension Fund is a single-employer defined benefit pension plan controlled by the provisions of a group annuity contract dated December 1, 1972, as amended. The plan is governed by the board of township supervisors, which is responsible for the management of plan assets. The board of township supervisors has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Bryn Mawr Trust Company. West Goshen Township issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

As of January 1, 2003, pension plan membership consisted of the following:

Active employees	40
Retirees and beneficiaries currently receiving benefits	9
Vested terminated members	<u>7</u>
Total	<u>56</u>

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2003, disclosed that the pension plan benefit provisions are as follows:

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 9      NON-UNIFORMED PENSION FUND (cont'd)

Employees who retire at age 65 with 10 years of service, or age 60 with 20 years service, are entitled to 1.5 percent of average base earnings for the last 36 months of employment multiplied by service up to 35 years. For employees hired before July 1, 1980, the benefit is calculated as 35 percent of average base earnings for the highest 60 consecutive months out of the final 120 months of employment.

Early retirement is available up to 10 years preceding normal retirement with 15 or more years of service.

Vesting starts at 50 percent after five years, increasing ten percent each year thereafter to 100 percent after 10 years of service.

Active members who become totally and permanently disabled receive accrued benefits immediately, based on a five year minimum service requirement. Disability must be work-related.

Members are not required to contribute to the plan.

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting.

Deposits

At December 31, 2003, the carrying amount of the Non-Uniformed Pension Fund cash equivalents was \$116,799, equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name.

Valuation of Investments

The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities and pay administrative expenses charged by the insurance company.

In accordance with GASB No. 25, investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The plan's investments may be categorized as either (1) insured or registered or for which the securities are held by the plan, or its agent in the plan's name; (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or as an agent in the plan's name; or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or as an agent but not in the plan's name.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 9 NON-UNIFORMED PENSION FUND (cont'd)

Investments in external investment pools, such as those of the Township Non-Uniformed Pension Fund, or in mutual funds are disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form.

	<u>Category</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Mutual funds	<u>\$1,251,272</u>	<u>\$ -</u>	<u>\$ -</u>	\$1,251,272
Insurance contracts				<u>882,600</u>
Total Investments				<u>\$2,133,872</u>

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. Employees were not required to contribute to the plan during 2003. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and paid from the general fund, which is reimbursed as pension investments are liquidated.

Concentrations

At December 31, 2003, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of plan net assets ( $\$2,250,671 \times .05 = \$112,534$ ):

Aetna Life Insurance Company	\$ 882,600
Harbor FD International FD Institute	210,248
T. Rowe Price Growth Stock FD	404,914
Vanguard - Equity Income Fund	399,757

Annual Pension Cost

The required contribution was determined as part of the January 1, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 9 NON-UNIFORMED PENSION FUND (cont'd)

in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed bases. The remaining amortization period at December 31, 2003 was 12 years.

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/03	\$ 181,499	100.00%	\$ -
12/31/02	\$ 170,054	100.00%	\$ -
12/31/01	\$ 145,880	100.00%	\$ -

NOTE 10 SEWER PENSION PLAN

Plan description and provisions:

The West Goshen Township Sewer Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of a group annuity contract dated December 1, 1972, as amended. The plan is governed by the board of township supervisors, which is responsible for the management of plan assets. The board of township supervisors has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Bryn Mawr Trust Company. West Goshen Township issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

As of January 1, 2003, pension plan membership consisted of the following:

Active employees	21
Retirees and beneficiaries currently receiving benefits	5
Vested terminated members	<u>4</u>
Total	<u>30</u>

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2003, disclosed that the pension plan benefit provisions are as follows:

Employees who retire at age 65 with 10 years of service, or age 60 with 20 years of service, are entitled to 1.5 percent of average base earnings for the last 36 months of employment multiplied by service up to 35 years; for employees hired before July 1, 1980, 35 percent of average base earnings for the highest 60 consecutive months out of the final 120 months of employment.

Vesting starts at 50 percent after five years, increasing ten percent each year thereafter, to 100 percent after 10 years of service.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10     SEWER PENSION PLAN (cont'd)

Active members who become totally and permanently disabled receive accrued benefits immediately, based on a five year minimum service requirement. Disability must be work-related.

Members are not required to contribute to the plan.

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting.

Deposits

At December 31, 2003, the carrying amount of the Sewer Pension Fund cash equivalents was \$46,140, equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name.

Valuation of Investments

The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities and pay administrative expenses charged by the insurance company. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the pension plan's assets.

In accordance with GASB No. 25, investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The plan's investments may be categorized as either (1) insured or registered or for which the securities are held by the plan, or its agent in the plan's name; (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or as an agent in the plan's name; or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or as an agent but not in the plan's name.

Investments in external investment pools, such as those of the Township Non-Uniformed Pension Fund, or in mutual funds are disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Category			
	1	2	3	Total
Mutual funds	\$ 777,782	\$ -	\$ -	\$ 777,782
Insurance contracts				568,937
Total Investments				\$1,346,719

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and paid from the general fund, which is reimbursed as pension investments are liquidated.

Concentrations

At December 31, 2003, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of plan net assets (\$1,392,859 x .05 = \$69,643):

Aetna Life Insurance Company	\$ 568,937
Harbor FD International FD Institute	118,285
T. Rowe Price Growth Stock FD	255,057
Vanguard - Equity Income Fund	251,591
Stratton Monthly Dividend	74,957

Annual Pension Cost

The required contribution was determined as part of the January 1, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed bases. The remaining amortization period at December 31, 2003 was 11 years.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/03	\$ 89,378	100.00%	\$ -
12/31/02	\$ 80,586	100.00%	\$ -
12/31/01	\$ 76,851	100.00%	\$ -

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 VILLAGE OF SHANNON

The Village of Shannon Homeowner's Association maintains an escrow account with West Goshen Township. The money that West Goshen is holding for the Village of Shannon is currently invested in a savings account. Any interest earned is forwarded to the Association at its request. As of December 31, 2003, the carrying value of the escrow account is \$66,390.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

In addition to the pension benefits described in the preceding notes, the Township has established benefits for eligible employees to have health care benefits provided after retirement.

Medical Benefits Payable Upon Retirement

The Uniformed and Non-Uniformed Post-Retirement Medical Benefit Plans are single-employer plans controlled by Township ordinances, as amended. The plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and paid from the general fund, which is reimbursed as pension investments are liquidated.

*Police Insurance Fund*

A police officer is eligible for post-retirement benefits if he or she retires after attainment of age 55 and completion of 25 years of service.

*Non-Uniformed Insurance Fund*

A non-uniformed employee is eligible for post-retirement benefits if he or she retires after completion of the following requirements:

1. attainment of age 55 and completion of 25 years of service, or
2. attainment of age 60 and completion of 20 years of service.

For eligible retirees, the plans will pay 100 percent of the retiree's medical insurance premiums until age 65. The medical coverages provided include comprehensive medical, vision, dental and prescription drug coverage. If the retiree should die, premiums paid by the plan for the retiree shall cease. Police officers or non-uniformed employees who die or terminate employment prior to reaching the retirement requirements described above will not receive benefits under the plans.

Life-Insurance Payable Upon Retirement

A police officer or non-uniformed employee who is eligible for post-retirement benefits (as described above) will be provided with the employer-paid life and accidental death and dismemberment insurance until age 65. The amount of coverage will be \$10,000.



WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (cont'd)

The benefits are advance-funded using the projected unit credit cost method. Projected costs are allocated evenly from the date of hire to the date of full eligibility, in accordance with SFAS No. 106. Significant actuarial assumptions, based on the latest actuarial review performed as of January 1, 2003, include a rate of return on investments of 6.00 percent; a rate of 8.00 percent in health care cost, decreasing by .05 percent per year to an ultimate rate of 5.50 percent in 2005 and later; and life insurance cost calculated assuming a monthly premium of \$.045 per \$1,000 of coverage.

For the year ended December 31, 2003, there were no eligible participants receiving benefits. Plan membership consisted of the following at January 1, 2003 (the most recent actuarial date):

	<u>Active Members</u>	<u>Retired Members</u>	<u>Total</u>
Police Insurance Fund	26	1	27
Non-Uniformed Insurance Fund	61	3	64

The Township's actual contributions for 2003, which were used to fund post-employment benefits, were \$9,545 for the Police Retirement Insurance Fund and \$34,301 for the Non-Uniformed Insurance Fund. The actual contribution and the actuarially required contribution amounts are the same. Net assets available for payment of benefits at January 1, 2003 (the most recent actuarial date) were \$391,976 for the Police Insurance Fund and \$314,627 for the Non-Uniformed Insurance Fund. The actuarially accrued liability and unfunded actuarial accrued liability were \$396,523 and \$14,022, respectively, for the Police Insurance Fund and \$456,350 and \$170,988, respectively, for the Non-Uniformed Insurance Fund.

Statement of Plan Net Assets  
December 31, 2003

	<u>Police Retirement Insurance Fund</u>	<u>Non- Uniformed Insurance Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 391,976</u>	<u>\$ 314,627</u>
<b>Total Assets</b>	<u>\$ 391,976</u>	<u>\$ 314,627</u>
<b>NET ASSETS</b>		
Assets Held in Trust for Employee Benefits	<u>\$ 391,976</u>	<u>\$ 314,627</u>

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (cont'd)

Statement of Changes in Plan Net Assets  
For the Year Ended December 31, 2003

	<u>Police Retirement Insurance Fund</u>	<u>Non- Uniformed Insurance Fund</u>
<b>ADDITIONS</b>		
Employer Contributions	\$ 9,545	\$ 34,301
Interest	<u>4,909</u>	<u>3,829</u>
Total Additions	<u>14,454</u>	<u>38,130</u>
<b>DEDUCTIONS</b>		
Other Expenses	<u>5,131</u>	<u>8,713</u>
Total Deductions	<u>5,131</u>	<u>8,713</u>
Change in Plan Net Assets	9,323	29,417
Plan Net Assets, Beginning of Year	<u>382,653</u>	<u>285,210</u>
Plan Net Assets, End of Year	<u>\$ 391,976</u>	<u>\$ 314,627</u>

NOTE 13 CONTINGENT LIABILITIES

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

The Township participates in state and county assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 14 RISK MANAGEMENT

The Township has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the Township. Insurance settlements have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

WEST GOSHEN TOWNSHIP  
SCHEDULE OF FUNDING PROGRESS - PENSION FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
<b>POLICE</b>						
1/1/99	4,603,075	4,705,583	97.8%	102,508	1,536,598	6.7%
1/1/01	4,890,383	5,346,753	91.5%	456,370	1,641,046	27.8%
1/1/03	4,418,044	6,266,681	70.5%	1,848,637	1,822,170	101.5%
<b>NON-UNIFORMED</b>						
1/1/99	1,660,749	1,839,711	90.3%	178,962	961,244	18.6%
1/1/01	1,912,237	1,966,622	97.2%	54,385	1,088,147	5.0%
1/1/03	1,863,173	2,296,824	81.1%	433,651	1,517,413	28.6%
<b>SEWER</b>						
1/1/99	1,100,330	1,331,243	82.7%	230,913	583,999	39.5%
1/1/01	1,244,543	1,429,966	87.0%	185,423	646,402	28.7%
1/1/03	1,165,709	1,700,202	68.6%	534,493	737,055	72.5%

WEST GOSHEN TOWNSHIP  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES  
 DECEMBER 31, 2003

	Special Revenue Funds					Totals
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Administrative Premium Fund	
ASSETS:						
Cash and cash equivalents	\$158,097	\$ 4,202	\$ 502,292	\$ 24,349	\$ -	\$ 591,715
Investments	-	-	-	-	-	514,436
Accounts receivable	-	-	-	-	-	2,815
<b>TOTAL ASSETS</b>	<u>\$158,097</u>	<u>\$ 4,202</u>	<u>\$ 502,292</u>	<u>\$ 24,349</u>	<u>\$ -</u>	<u>\$1,108,966</u>
LIABILITIES AND FUND BALANCE:						
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286
<b>FUND BALANCE (DEFICIT):</b>						
Unreserved	-	-	-	-	-	(286)
Undesignated	158,097	4,202	502,292	24,349	-	1,108,966
<b>Total Fund Balance (Deficit)</b>	<u>158,097</u>	<u>4,202</u>	<u>502,292</u>	<u>24,349</u>	<u>(286)</u>	<u>1,108,680</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$158,097</u>	<u>\$ 4,202</u>	<u>\$ 502,292</u>	<u>\$ 24,349</u>	<u>\$ -</u>	<u>\$1,108,966</u>

WEST GOSHEN TOWNSHIP  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue Funds					Totals		
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Administrative Premium Fund	Capital Projects Fund	2003	2002
REVENUES:								
Interest and rent	\$ 2,952	\$ 32	\$ 4,374	-	\$ 9,461	-	\$ 16,819	\$ 24,303
Intergovernmental revenues	372,554	-	-	-	-	-	372,554	365,763
Charges for services	-	-	-	12,633	-	-	12,633	25,083
Contributions	-	-	113,560	-	-	-	113,560	135,000
TOTAL REVENUES	<u>375,506</u>	<u>32</u>	<u>117,934</u>	<u>12,633</u>	<u>9,461</u>	<u>-</u>	<u>515,566</u>	<u>550,149</u>
EXPENDITURES:								
Public safety	-	-	-	6,403	-	-	6,403	783
Public works - highways and streets	285,428	-	15,916	-	-	-	301,344	357,120
Culture and recreation	-	-	-	-	-	-	-	26,467
Miscellaneous	-	-	27	-	-	-	27	-
Debt service:								
Principal	11,493	-	-	-	-	-	11,493	-
Interest	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>296,921</u>	<u>-</u>	<u>15,943</u>	<u>6,403</u>	<u>-</u>	<u>-</u>	<u>319,267</u>	<u>27</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>78,585</u>	<u>32</u>	<u>101,991</u>	<u>6,230</u>	<u>9,461</u>	<u>-</u>	<u>196,299</u>	<u>165,752</u>
OTHER FINANCING SOURCES (USES):								
Proceeds from capital lease	32,609	-	-	-	-	-	32,609	-
Transfers out	-	-	(122,222)	-	(526,712)	-	(648,934)	(6,353)
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,609</u>	<u>-</u>	<u>(122,222)</u>	<u>-</u>	<u>(516,712)</u>	<u>-</u>	<u>(616,325)</u>	<u>(6,353)</u>
NET CHANGES IN FUND BALANCES	111,194	32	(20,231)	6,230	(517,251)	-	(420,026)	159,399
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>46,903</u>	<u>4,170</u>	<u>522,523</u>	<u>18,119</u>	<u>517,251</u>	<u>(286)</u>	<u>1,108,680</u>	<u>949,281</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$158,097</u>	<u>\$ 4,202</u>	<u>\$ 502,292</u>	<u>\$ 24,349</u>	<u>\$ -</u>	<u>\$ (286)</u>	<u>\$ 688,654</u>	<u>\$1,108,680</u>

WEST GOSHEN TOWNSHIP  
 BUDGETARY COMPARISON STATEMENT - NONMAJOR GOVERNMENTAL FUND TYPE-STATE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest earnings	\$ 4,361	2,952	(1,409)
State grants	373,365	372,554	(811)
TOTAL REVENUES	<u>377,726</u>	<u>375,506</u>	<u>(2,220)</u>
EXPENDITURES			
Current:			
Public works - highways and streets	415,418	285,428	129,990
Debt Service	-	11,493	(11,493)
Principal	415,418	296,921	118,497
TOTAL EXPENDITURES	<u>(37,692)</u>	<u>78,585</u>	<u>116,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	-	32,609	32,609
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>32,609</u>	<u>32,609</u>
NET CHANGES IN FUND BALANCES	(37,692)	111,194	148,886
FUND BALANCE, BEGINNING OF YEAR	46,903	46,903	-
FUND BALANCE, END OF YEAR	<u>\$ 9,211</u>	<u>\$ 158,097</u>	<u>\$ 148,886</u>

WEST GOSHEN TOWNSHIP  
 COMBINING BALANCE SHEET - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
 DECEMBER 31, 2003

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Agency Fund	Totals
							2003      2002
<b>ASSETS</b>							
Cash and cash equivalents	\$391,976	\$314,627	\$ 100,226	\$ 116,799	\$ 46,140	\$ 66,390	\$ 643,070
Investments	-	-	5,159,748	2,133,872	1,346,719	-	7,495,379
Interest receivable	-	-	-	-	-	-	3,219
<b>TOTAL ASSETS</b>	<u>\$391,976</u>	<u>\$314,627</u>	<u>\$5,259,974</u>	<u>\$2,250,671</u>	<u>\$1,392,859</u>	<u>\$ 66,390</u>	<u>\$8,141,668</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,390	\$ 65,286
<b>NET ASSETS:</b>							
<b>ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$391,976</u>	<u>\$314,627</u>	<u>\$5,259,974</u>	<u>\$2,250,671</u>	<u>\$1,392,859</u>	<u>\$ -</u>	<u>\$8,076,382</u>



WEST GOSHEN TOWNSHIP  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals
						2003
<b>ADDITIONS</b>						
Contributions:						
State aid	\$ 9,545	34,301	\$ 133,194	116,328	57,285	\$ 306,807
Employer contribution	-	-	74,619	65,171	32,093	215,729
Employee contribution	-	-	93,455	-	-	93,455
Total Contributions	9,545	34,301	301,268	181,499	89,378	615,991
Investment income:						
Net depreciation in fair value	-	-	839,843	314,893	188,000	1,342,736
of investments	-	-	(178,210)	(61,089)	(29,865)	(269,164)
Realized loss on investments	-	-	-	-	-	2,426
Investment purchase adjustment	4,909	3,829	148,549	75,004	48,099	280,390
Interest	4,909	3,829	810,182	328,808	206,234	1,353,962
Net Investment Income	14,454	38,130	1,111,450	510,307	295,612	1,969,953
<b>TOTAL ADDITIONS</b>	24,000	72,431	1,214,718	996,607	484,745	2,995,513
<b>DEDUCTIONS</b>						
Benefits paid	-	-	203,740	86,479	49,601	339,820
Administrative expenses	-	-	28,213	12,132	8,973	49,318
Other expenses	5,131	8,713	23,897	5,800	3,549	47,090
<b>TOTAL DEDUCTIONS</b>	5,131	8,713	255,850	104,411	62,123	436,228
<b>CHANGE IN PLAN ASSETS</b>	18,869	63,718	958,868	892,196	422,622	1,559,285
<b>NET ASSETS, BEGINNING OF YEAR</b>	382,653	285,210	4,404,374	1,844,775	1,159,370	8,076,382
<b>NET ASSETS, END OF YEAR</b>	391,976	314,627	5,259,974	2,250,671	1,392,859	9,610,107

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

March 27, 2004

Board of Supervisors  
West Goshen Township  
West Chester, Pennsylvania

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Chester, Pennsylvania as of and for the year ended December 31, 2003, which collectively comprise West Goshen Township's basic financial statements, and have issued our report thereon dated March 27, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the West Goshen Sewer Authority were not audited in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether West Goshen Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Goshen Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a

Board of Supervisors  
West Goshen Township  
West Chester, Pennsylvania

condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Board of Supervisors of West Goshen Township, and is not intended to be and should not be used by anyone other than these specified parties.

**BARBACANE, THORNTON & COMPANY**

West Goshen Township  
 Government-wide Expenses by Function  
 Last Two Fiscal Years (Unaudited)

Fiscal Year	General Government	Public Safety	Highways and Streets	Other Public Works	Library	Culture and Recreation	Interest Expense	Sewer	Waste & Recycling	Sewer Authority	Total
2002	1,555,814	3,848,571	1,161,725	96,828	5,250	875,077	312,537	2,042,959	1,240,565	1,175,880	12,315,206
2003	1,686,167	4,217,326	1,203,438	110,063	5,000	853,745	298,320	2,325,136	1,342,917	1,472,367	13,514,479

Notes: Includes all funds  
 Second year of full-accrual basis accounting.  
 Prior years statistics are not available.

West Goshen Township  
Government-wide Revenues  
Last Two Fiscal Years (Unaudited)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Investment Earnings	Grants and Contributions Not Restricted to Specific Programs	Miscellaneous	Total
2002	\$ 5,279,591	\$ 910,106	\$ 928,505	\$ 7,425,512	\$ 214,797	\$ 818,274	\$ 14,294	\$ 73,496	\$ 15,484,575
2003	\$ 5,572,801	\$ 995,883	\$ 146,381	\$ 7,280,746	\$ 239,504	\$ 370,102	\$ 18,509	\$ 81,598	\$ 14,703,524

Notes: Includes all funds.  
Second year of full-accrual basis accounting.  
Prior years statistics are not available.

**West Goshen Township**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	General Government	Public Works -				Library	Culture and Recreation	Debt Service	Total
		Highways and Streets	Other Public Works	Public Safety	Streets				
1994	\$ 472,860	\$ 2,161,753	\$ 692,405	\$ 52,015	\$ 4,000	\$ 227,198	\$ 329,372	\$ 3,939,603	
1995	\$ 486,174	\$ 2,293,253	\$ 1,036,919	\$ 46,508	\$ 4,250	\$ 394,364	\$ 375,239	\$ 4,636,707	
1996	\$ 589,400	\$ 2,425,978	\$ 729,896	\$ 73,944	\$ 4,000	\$ 348,016	\$ 371,775	\$ 4,543,009	
1997	\$ 698,702	\$ 2,547,841	\$ 752,380	\$ 70,878	\$ 4,000	\$ 375,069	\$ 258,320	\$ 4,707,190	
1998	\$ 840,454	\$ 2,805,836	\$ 1,038,865	\$ 99,904	\$ 4,000	\$ 478,045	\$ 489,841	\$ 5,756,945	
1999	\$ 825,039	\$ 2,924,507	\$ 815,850	\$ 57,299	\$ 4,000	\$ 563,586	\$ 1,002,744	\$ 6,193,025	
2000	\$ 1,017,566	\$ 3,260,166	\$ 929,779	\$ 64,523	\$ 5,250	\$ 774,844	\$ 799,598	\$ 6,851,726	
2001	\$ 1,258,097	\$ 3,706,345	\$ 993,950	\$ 96,498	\$ 5,250	\$ 696,957	\$ 777,973	\$ 7,535,070	
2002	\$ 1,412,475	\$ 3,816,987	\$ 1,063,660	\$ 96,828	\$ 5,250	\$ 772,054	\$ 770,006	\$ 7,937,260	
2003	\$ 1,550,817	\$ 4,030,854	\$ 1,130,538	\$ 152,240	\$ 5,000	\$ 892,765	\$ 816,079	\$ 8,578,293	

Includes general, special revenue and capital projects funds

**West Goshen Township  
General Governmental Revenues by Source  
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeits	Interest, Rents, and Royalties	Intergovernmental Revenue	Charges for Service	Contributions	Miscellaneous	Total
1994	\$ 3,311,137	\$ 79,002	\$ 130,862	\$ 70,598	\$ 353,243	\$ 107,567	\$ 113,380	\$ 67,839	\$ 4,233,628
1995	\$ 3,788,482	\$ 83,280	\$ 146,169	\$ 75,659	\$ 494,624	\$ 110,463	\$ 140,188	\$ 6,662	\$ 4,845,527
1996	\$ 4,088,383	\$ 89,151	\$ 156,005	\$ 119,091	\$ 916,092	\$ 167,146	\$ 95,800	\$ 61,341	\$ 5,693,009
1997	\$ 4,640,935	\$ 98,653	\$ 144,926	\$ 102,787	\$ 664,714	\$ 241,454	\$ 146,890	\$ 14,600	\$ 6,054,959
1998	\$ 5,191,384	\$ 111,407	\$ 170,382	\$ 414,646	\$ 674,594	\$ 275,615	\$ 86,101	\$ 16,186	\$ 6,940,315
1999	\$ 5,542,439	\$ 126,980	\$ 183,085	\$ 364,175	\$ 659,926	\$ 312,828	\$ 288,143	\$ 243,306	\$ 7,720,882
2000	\$ 6,304,170	\$ 141,097	\$ 213,787	\$ 366,426	\$ 673,151	\$ 347,598	\$ 171,994	\$ 47,090	\$ 8,265,313
2001	\$ 6,629,442	\$ 294,757	\$ 190,680	\$ 279,101	\$ 758,846	\$ 313,302	\$ 77,500	\$ 26,177	\$ 8,569,805
2002	\$ 7,272,386	\$ 219,950	\$ 187,112	\$ 177,501	\$ 759,700	\$ 320,845	\$ 135,000	\$ 23,463	\$ 9,095,957
2003	\$ 7,385,577	\$ 243,859	\$ 152,729	\$ 118,727	\$ 952,408	\$ 351,463	\$ 113,560	\$ 38,697	\$ 9,357,020

Includes general, special revenue and capital projects funds

**West Goshen Township  
General Governmental Tax Revenues By Source  
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Earned Income Taxes	Total
1994	\$ 677,849	\$ 406,552	\$ 2,226,736	\$ 3,311,137
1995	\$ 970,730	\$ 446,245	\$ 2,371,507	\$ 3,788,482
1996	\$ 1,006,080	\$ 382,840	\$ 2,699,463	\$ 4,088,383
1997	\$ 1,023,290	\$ 542,246	\$ 3,075,399	\$ 4,640,935
1998	\$ 1,172,057	\$ 649,066	\$ 3,370,261	\$ 5,191,384
1999	\$ 1,255,030	\$ 612,024	\$ 3,675,385	\$ 5,542,439
2000	\$ 1,306,588	\$ 797,793	\$ 4,199,789	\$ 6,304,170
2001	\$ 1,356,405	\$ 565,623	\$ 4,707,414	\$ 6,629,442
2002	\$ 1,374,891	\$ 786,958	\$ 5,110,537	\$ 7,272,386
2003	\$ 1,396,947	\$ 807,367	\$ 5,181,263	\$ 7,385,577

**West Goshen Township  
Property Tax Levies and Collections**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of	
						Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes
							Ratio of Delinquent Taxes to Total Tax Levy
1994	\$ 677,968	\$ 676,060	99.72%	\$ 1,789	\$ 677,849	\$ 13,859	2.0%
1995	\$ 985,924	\$ 949,268	96.28%	\$ 21,462	\$ 970,730	\$ 31,664	3.2%
1996	\$ 997,825	\$ 991,213	99.34%	\$ 14,867	\$ 1,006,080	\$ 22,241	2.2%
1997	\$ 1,017,666	\$ 1,013,512	99.59%	\$ 9,779	\$ 1,023,291	\$ 17,418	1.7%
1998	\$ 1,174,972	\$ 1,145,068	97.45%	\$ 26,989	\$ 1,172,057	\$ 14,688	1.3%
1999	\$ 1,369,518	\$ 1,232,877	90.02%	\$ 22,153	\$ 1,255,030	\$ 10,028	0.7%
2000	\$ 1,271,731	\$ 1,282,083	100.81%	\$ 24,505	\$ 1,306,588	\$ 30,611	2.4%
2001	\$ 1,323,943	\$ 1,333,601	100.73%	\$ 22,804	\$ 1,356,405	\$ 27,821	2.1%
2002	\$ 1,368,700	\$ 1,350,665	98.68%	\$ 24,226	\$ 1,374,891	\$ 21,600	1.6%
2003	\$ 1,419,530	\$ 1,369,537	96.48%	\$ 27,410	\$ 1,396,947	\$ 29,893	2.1%



**West Goshen Township  
Taxable Assessed Valuation By Land Use Categories  
December 31, 2003 (Unaudited)**

<u>Land Use Category</u>	<u>Assessed Value</u>	<u>Percent Total</u>
Residential	\$ 1,102,251,310	66.28%
Commercial	\$ 477,985,000	28.74%
Vacant	\$ 14,003,270	0.84%
Industrial	\$ 66,712,930	4.01%
Agricultural	\$ 2,018,120	0.12%
	<u>\$ 1,662,970,630</u>	<u>100.00%</u>

Source: 1/1/2003 assessed values estimated by Township staff, based upon 2000 land use percentages provided by the Pennsylvania State Tax Equalization Board.

**West Goshen Township  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Estate Assessed Value</b>	<b>Ratio of Total Assessed Value to Total Estimated Actual Value</b>	<b>Estimated Actual Value <sup>1</sup></b>	<b>Real Estate Millage Rate</b>
1994	\$ 85,119,030	3.30%	\$ 2,579,364,545	8.00
1995	\$ 85,795,110	3.30%	\$ 2,599,851,818	11.50
1996	\$ 87,327,500	3.30%	\$ 2,646,287,879	11.50
1997	\$ 88,682,950	6.47%	\$ 1,370,679,289	11.50
1998 <sup>2</sup>	\$ 1,382,319,830	100.00%	\$ 1,382,319,830	0.85
1999	\$ 1,611,198,090	93.46%	\$ 1,723,981,956	0.85
2000	\$ 1,496,154,060	90.09%	\$ 1,660,731,007	0.85
2001	\$ 1,557,579,980	85.47%	\$ 1,822,368,577	0.85
2002	\$ 1,610,621,475	80.65%	\$ 1,997,170,629	0.85
2003	\$ 1,662,970,630	74.07%	\$ 2,245,010,351	0.85

Note: (1) Common level ratio used by Chester County, Pennsylvania, Board of Assessments.

Note: (2) County-wide reassessment became effective January 1, 1998; real estate was assessed at 100% of market value.

Sources: Township of West Goshen, Pennsylvania, annual financial statements and Chester County Board of Assessments.

**West Goshen Township  
Real Estate Tax Rates - All Direct and Overlapping Governments  
Last Ten Years**

<u>Fiscal Year</u>	<u>West Goshen Township</u>	<u>School District</u>	<u>Chester County</u>	<u>Total Millage</u>
1994	8.000	147.900	25.750	181.650
1995	11.500	144.200	26.950	182.650
1996	11.500	148.800	26.950	187.250
1997	11.500	154.600	34.650	200.750
1998	0.850	10.690	2.348	13.888
1999	0.850	11.060	2.348	14.258
2000	0.850	11.380	3.014	15.244
2001	0.850	11.630	3.103	15.583
2002	0.850	12.110	3.178	16.138
2003	0.850	12.590	3.273	16.713

Source: Chester County Board of Assessments and Township Finance Department.

Note: Under Countywide reassessment, which became effective January 1, 1998, millage rates decreased monumentally because real estate was assessed at 100% of market value.

**West Goshen Township  
Principal Taxpayers  
December 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
QVC Realty, Inc	Home Shopping-video	\$ 48,371,130	2.91%
Capital Enterprises, Inc	Property Management Corporation	\$ 18,917,500	1.14%
Home Properties Golf Club, LLC	Condominiums	\$ 14,905,530	0.90%
Goshen Terrace Apartments	Apartment Complex	\$ 14,198,300	0.85%
Cephalon, Inc.	Bio-Pharmaceutical Laboratories	\$ 8,826,340	0.53%
Cambridge Apartments	Apartment Complex	\$ 7,948,790	0.48%
Penallen Corp	Property Management Corporation	\$ 7,500,000	0.45%
Richard H. Baxter	Property Management Corporation	\$ 7,366,820	0.44%
Pyle Corporation	Transportation	\$ 7,336,950	0.44%
Turks Head Health Services, Inc.	Hospital services	\$ 6,799,320	0.41%
		<u>\$ 142,170,680</u>	<u>8.55%</u>

Note: Total taxable assessed value, all real property in West Goshen Township, December 31, 2003, \$1,662,970,630

Source: West Goshen Township Finance Department based on data from Chester County Board of Assessments.

**West Goshen Township  
Ten Largest Employers  
December 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percent of Total Employees</u>
QVC Publishing Inc	Home Shopping - Video	1,946	6.0%
Volt Technical Resources	Temporary Employment Service	1,184	3.6%
A. Duie Pyle, Inc.	Transportation	1,174	3.6%
West Chester School W Goshen	Education	976	3.0%
United Parcel Service	Parcel Delivery Service	961	2.9%
Chester County Courthouse	County Government	931	2.9%
Electronics Boutique, Inc.	Computer Software	796	2.4%
Cephalon, Inc.	Pharmaceutical	484	1.5%
Atlantic Coast Athletic Club (ACAC)	Athletic Health Club	461	1.4%
WAWA, Inc.	Convenience Store	345	1.1%
Total, 10 largest employers		<u>9,258</u>	<u>28.4%</u>

Note: Total employment in West Goshen Township subject to  
Earned Income Tax, December 31, 2003

32,589

Source: West Goshen Township Finance Department and Berkheimer Tax  
Administrators.

**West Goshen Township  
 Computation of Borrowing Capacity <sup>1</sup>  
 December 31, 2003**

	Year Ended December 31,		
	2003	2002	2001
Total Revenues	\$ 15,936,650	\$ 14,546,133	\$ 13,549,794
Deduct excludable items under Section 8002©(16) of the Act:			
Nonrecurring items:			
Grants and gifts in aid	685,778	753,225	735,045
Procæds from general long-term debt	118,219	29,715	0
Total Revenues as Defined in Section 8002©(16) of the Act	\$ 15,132,653	\$ 13,763,193	\$ 12,814,749
Total Revenues as Defined in Section 8002[c][16] of the Act for the three years ended December 31, 2003			\$ 41,710,595
Borrowing Base - Arithmetic Average of Total Revenues			\$ 13,903,532

Note (1): Calculation in accordance with the Commonwealth of Pennsylvania Local Government Unit Debt Act.

**West Goshen Township**  
**Ratio of General Obligation Bonded Debt**  
**To Assessed Value and General Obligation Bonded Debt per Capita**  
**Last Ten Fiscal Years (Unaudited)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Debt</u>	<u>Ratio of General Obligation Debt to Assessed Value</u>	<u>General Obligation Debt per Capita</u>
1994	18,350	\$ 85,119,030	\$ 2,881,000	3.38%	\$ 157
1995	18,618	\$ 85,795,110	\$ 2,753,000	3.21%	\$ 148
1996	18,886	\$ 87,327,500	\$ 2,616,000	3.00%	\$ 139
1997	19,154	\$ 88,682,950	\$ 3,065,000	3.48%	\$ 160
1998	19,422	\$ 1,382,319,830	\$ 9,315,000	0.67%	\$ 480
1999	19,690	\$ 1,611,198,090	\$ 8,646,000	0.54%	\$ 439
2000	19,958	\$ 1,496,154,060	\$ 8,246,000	0.55%	\$ 413
2001	20,227	\$ 1,557,579,980	\$ 7,823,000	0.50%	\$ 387
2002	20,495	\$ 1,610,621,475	\$ 7,376,000	0.46%	\$ 360
2003	20,763	\$ 1,662,970,630	\$ 6,904,000	0.42%	\$ 333

Note: 2000 population figure from U.S. Census: 1994-1999 and 2001-2003 figures estimated by Township staff.

Sources: U.S. Census Bureau, Board of Assessments, and West Goshen Township Annual financial statements.

**West Goshen Township**  
**Ratio of Annual Debt Service Expenditures**  
**For General Obligation Bonded Debt**  
**to total General Governmental Expenditures**  
**Last Ten Fiscal Years (Unaudited)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1994	\$ 237,460	\$ 91,912	\$ 329,372	\$ 3,939,603	8.4%
1995	\$ 254,750	\$ 120,489	\$ 375,239	\$ 4,636,707	8.1%
1996	\$ 272,620	\$ 99,155	\$ 371,775	\$ 4,543,009	8.2%
1997	\$ 151,000	\$ 107,320	\$ 258,320	\$ 4,707,190	5.5%
1998	\$ 250,000	\$ 239,841	\$ 489,841	\$ 5,756,945	8.5%
1999	\$ 669,000	\$ 333,744	\$ 1,002,744	\$ 6,193,025	16.2%
2000	\$ 400,000	\$ 399,598	\$ 799,598	\$ 6,851,726	11.7%
2001	\$ 423,000	\$ 354,973	\$ 777,973	\$ 7,535,070	10.3%
2002	\$ 447,000	\$ 312,537	\$ 759,537	\$ 7,937,260	9.6%
2003	\$ 472,000	\$ 298,320	\$ 770,320	\$ 8,578,293	9.0%



**West Goshen Township**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**December 31, 2003 (Unaudited)**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to West Goshen Township</u>	<u>Amount Applicable to West Goshen Township</u>
DIRECT DEBT:			
West Goshen Township	\$ 6,904,000	100.00%	\$ 6,904,000
OVERLAPPING DEBT:			
County of Chester	\$ 223,812,000	5.30%	<u>\$ 11,862,036</u>
TOTAL			<u><u>\$ 18,766,036</u></u>

**West Goshen Township  
Construction and Development  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>New Construction</u>	<u>Additions &amp; Alterations</u>	<u>Subdivision Plans</u>	<u>Lots Approved</u>	<u>Zoning Appeals</u>	<u>Review Applications</u>
1994	351	79	152	9	176	16	11
1995	376	105	159	17	151	14	13
1996	401	86	175	22	62	14	11
1997	425	106	175	8	36	7	27
1998	490	143	171	6	56	16	23
1999	545	142	229	28	67	6	5
2000	499	102	225	25	113	12	7
2001	474	70	228	20	43	12	7
2002	457	91	242	9	14	10	9
2003	430	67	220	9	65	11	13
1994 - 2003 Average	445	99	198	15	78	12	13

**Note:** All figures include residential, commercial and industrial developments.

**Source:** Township records.

## **West Goshen Township**

### **Miscellaneous Statistics**

**December 31, 2003  
(Unaudited)**

Date founded:	1817	
Form of government:	Second Class Township	
Area:	12 square miles	
Miles of Roads:	82 miles - municipal roads 40 miles - state roads	
Fire/Ambulance protection:	1 volunteer fire company 1 volunteer ambulance company	Fame Fire Company Good Fellowship
Police Protection:	26 full-time police personnel and officers	
Education:	2 Elementary schools 2 Middle Schools 1 High Schools	
Main Township Parks:	West Goshen Community Park Coopersmith Park Barker Park Hallowell Park	32 acres
Township Employees:	56 Full-time 14 Part-time	