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**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**WEST GOSHEN TOWNSHIP**

**West Chester, Pennsylvania**

**December 31, 2008**

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WEST GOSHEN TOWNSHIP  
WEST CHESTER, PENNSYLVANIA

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## INDEPENDENT AUDITORS' REPORT

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June 18, 2009

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, 2008, 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 Chester, Pennsylvania's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Township's 2007 financial statements and, in our report dated July 15, 2008, we expressed an unqualified opinion on those financial statements.

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 Chester, Pennsylvania, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund 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 June 18, 2009 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of

Board of Supervisors  
West Goshen Township

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.

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, budgetary comparison schedules 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 and budgetary comparison schedules 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. The statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Barbacane, Thornton & Company*

BARBACANE, THORNTON & COMPANY

## WEST GOSHEN TOWNSHIP

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

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, 2008. 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 \$74,942,489 (representing its net assets). Of this amount, \$13,765,281 (or its unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net assets decreased by \$2,292,618.
- As of December 31, 2008, the Township's governmental funds reported combined ending fund balances of \$15,633,889, a decrease of \$1,005,443 as compared to the prior year. Approximately 59 percent of this total, or \$9,297,749, is available for spending at the Township's discretion (*unreserved fund balance*).
- The Township's total debt decreased by \$1,543,054.

#### 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.

These two statements report the Township's net assets and 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

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial 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, the Township is divided 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, emergency municipal services taxes, property taxes, intergovernmental revenues and franchise taxes 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 April 21, 2009 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 monies (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 the modified accrual accounting method, 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 be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is described in reconciliations on pages 21 and 23 of the financial statements.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

*Proprietary funds.* When the Township charges customers for the services it provides, these services generally are 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 reported in the entity-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. These activities are excluded 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 \$74,942,489 at the close of 2008. This is a decrease of \$2,292,618 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.

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 18,424,569	\$ 19,170,487	\$ 13,377,561	\$ 14,597,771	\$ 31,802,130	\$ 33,768,258
Capital assets	34,087,424	34,817,470	21,450,693	21,956,864	55,538,117	56,774,334
<b>TOTAL ASSETS</b>	<b>\$ 52,511,993</b>	<b>\$ 53,987,957</b>	<b>\$ 34,828,254</b>	<b>\$ 36,554,635</b>	<b>\$ 87,340,247</b>	<b>\$ 90,542,592</b>
Long-term liabilities outstanding	\$ 4,279,236	\$ 4,633,248	\$ 5,988,564	\$ 6,820,228	\$ 10,267,800	\$ 11,453,476
Other liabilities	1,072,463	829,941	1,057,495	1,024,068	2,129,958	1,854,009
Total Liabilities	5,351,699	5,463,189	7,046,059	7,844,296	12,397,758	13,307,485
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	29,891,898	29,894,890	14,747,693	14,437,864	44,639,591	44,332,754
Restricted for:						
Capital Reserve	6,336,140	7,074,261	-	-	6,336,140	7,074,261
Sewer	-	-	10,201,477	9,930,034	10,201,477	9,930,034
Unrestricted	10,932,256	11,555,617	2,833,025	4,342,441	13,765,281	15,898,058
Total Net Assets	47,160,294	48,524,768	27,782,195	28,710,339	74,942,489	77,235,107
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 52,511,993</b>	<b>\$ 53,987,957</b>	<b>\$ 34,828,254</b>	<b>\$ 36,554,635</b>	<b>\$ 87,340,247</b>	<b>\$ 90,542,592</b>



WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

The largest portion of the Township's net assets, \$44,639,591 (or 60 percent) reflects its investment in capital assets (land, buildings, vehicles, machinery and equipment, and 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, \$16,537,617 (or 22 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 \$17,004,295. This decrease is due primarily to transfers from the General Fund to offset debt service payments.

The remaining balance of unrestricted net assets, \$13,765,281 (or 18 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 \$15,898,058.

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 as well for its business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities**

The net decrease from the Township's governmental activities was \$1,364,474 as compared to the previous year increase of \$3,931,566 and is explained on pages 7 and 8. Table 2 shows the changes in net assets for the year ended December 31, 2008.

The cost of all governmental activities this year was \$13,402,558. As shown in the Statement of Activities on page 19, the amount that the Township's taxpayers ultimately financed for these activities through Township taxes was \$11,466,482. Other costs were paid by those who directly benefited from the programs (\$828,195) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$1,107,881).

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 828,195	\$ 40,286	\$ 4,928,113	\$ 4,901,285	\$ 5,756,308	\$ 5,741,571
Operating grants and contributions	977,851	932,610	136,321	139,267	1,114,172	1,071,877
Capital grants and contributions	130,030	740,071	98,854	-	228,884	740,071
General revenues:						
Earned income taxes	5,386,742	6,530,198	-	-	5,386,742	6,530,198
Local services taxes	812,406	1,197,356	-	-	812,406	1,197,356
Property taxes	2,590,007	2,551,015	-	-	2,590,007	2,551,015
Real estate transfer taxes	564,294	861,761	-	-	564,294	861,761
Franchise taxes	335,119	314,316	-	-	335,119	314,316
Grants and contributions not restricted to specific programs	19,031	20,357	-	-	19,031	20,357
Other	394,409	842,236	256,523	660,865	650,932	1,503,101
<b>TOTAL REVENUES</b>	<b>12,038,084</b>	<b>14,830,206</b>	<b>5,419,811</b>	<b>5,701,417</b>	<b>17,457,895</b>	<b>20,531,623</b>

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

**Table 2 (cont'd)**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2008 and 2007**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>EXPENSES:</b>						
General government	1,962,787	1,801,333	-	-	1,962,787	1,801,333
Public safety	5,392,394	5,030,088	-	-	5,392,394	5,030,088
Highways/streets	4,476,834	2,508,014	-	-	4,476,834	2,508,014
Other public works	169,750	161,236	-	-	169,750	161,236
Culture and recreation	1,172,675	1,138,543	-	-	1,172,675	1,138,543
Interest expense	228,118	259,426	-	-	228,118	259,426
Sewer operations	-	-	4,099,172	3,946,837	4,099,172	3,946,837
Waste and recycling	-	-	2,248,783	1,866,119	2,248,783	1,866,119
<b>TOTAL EXPENSES</b>	<b>13,402,558</b>	<b>10,898,640</b>	<b>6,347,955</b>	<b>5,812,956</b>	<b>19,750,513</b>	<b>16,711,596</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(1,364,474)</b>	<b>3,931,566</b>	<b>(928,144)</b>	<b>(111,539)</b>	<b>(2,292,618)</b>	<b>3,820,027</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>48,524,768</b>	<b>44,593,202</b>	<b>28,710,339</b>	<b>28,821,878</b>	<b>77,235,107</b>	<b>73,415,080</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$47,160,294</b>	<b>\$48,524,768</b>	<b>\$27,782,195</b>	<b>\$28,710,339</b>	<b>\$74,942,489</b>	<b>\$77,235,107</b>

As indicated by governmental program expenses, public safety programs account for approximately 40 percent of the total expenditures of the Township's governmental activities. General administration and highways/streets services account for approximately 15 percent and 33 percent, respectively, of the total expenditures for 2008.

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 of approximately 3.5 percent resulting from negotiated and general wage increases.
- Addition of two new hires in the Police Department and two new hires in the Roads Department.
- Employee benefit costs rose by approximately 12 percent.
- Carryover of the fiscal year 2007 road paving repair project costing approximately \$1.1 million.

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. Revenues generated from the Local Services Tax, enacted by ordinance for 2006, restricts the use of revenue generated from this tax for police, fire and emergency services; road construction and/or maintenance; or reduction of property taxes. As identified on the previous page and on the following page, earned income tax is the largest revenue source for governmental activities, accounting for

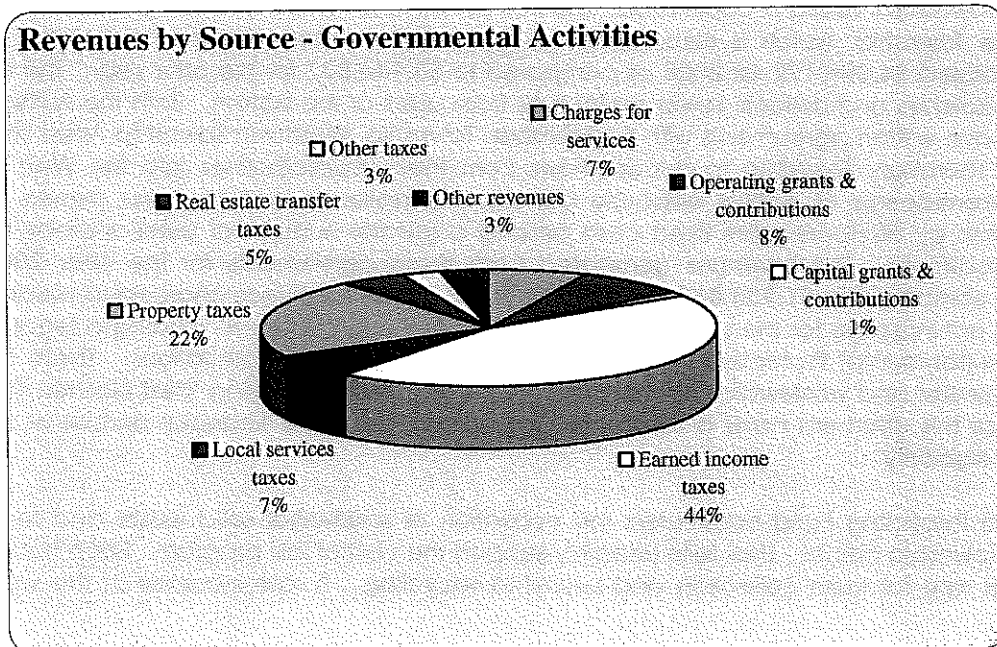
WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

approximately 45 percent of total revenues (44 percent in the prior year). Property taxes and real estate transfer taxes provide approximately 22 percent and five percent of total revenues, respectively (17 percent and six percent in the prior year). The Local Services Tax accounted for approximately seven percent of total revenues (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:

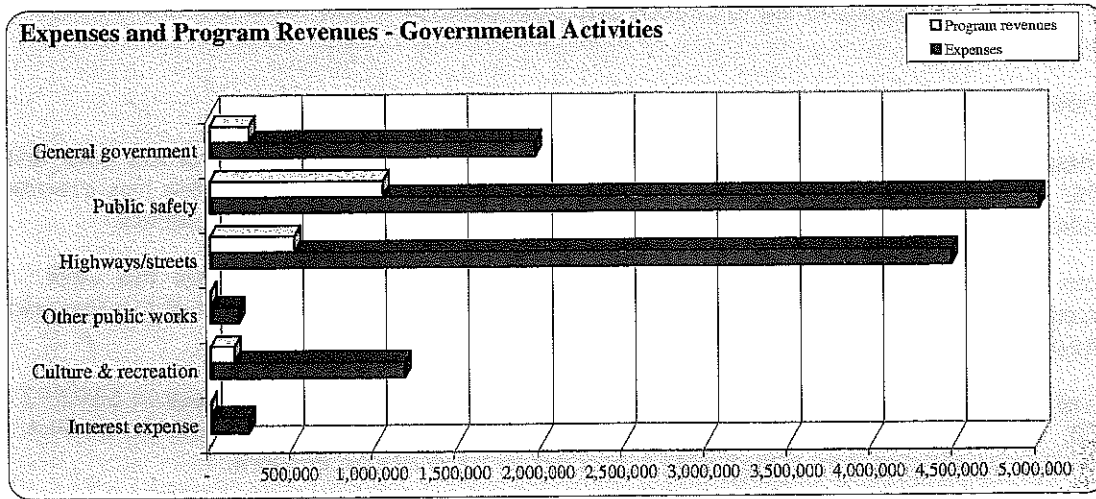
- Earned income tax revenue decreased by \$1,143,456, or 17.5 percent, for the year ended 2008. Implementation of earned income tax by surrounding municipalities has created a significant and long-term impact to the Township's future revenue growth potential.
- Local services tax revenue decreased by \$384,950, or 32.0 percent, for the year. The passage of Pennsylvania Act 7 of 2008 provides for incremental collection of the tax and an upfront low-income exemption.
- Governmental investment earnings decreased from \$718,742 in the prior year to \$392,927 for 2008. The financial market crisis that unfolded throughout 2008 had a profound effect on interest rates ranging from a high of four percent to a low of one percent.
- Capital grants and contributions decreased from the prior year by approximately \$610,041. Noncash contributions of \$130,030 for infrastructure benefited the year 2008 whereas noncash contributions of \$740,071 for land improvements and infrastructure were received in 2007.



WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

Program revenues support 14.0 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 totaled \$4,099,172 for 2008 as compared to \$3,946,837 for the prior year. 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 2008 were \$1,369,256 as compared to \$1,233,839 for the prior year. Sewer Fund fees charged to residents and businesses did not increase for the year 2008. The Sewer Authority has been funding a legal effort to prevent the Environmental Protection Agency from adopting discharge limitations. These limits will affect all stormwater and wastewater dischargers in Chester Creek, including West Goshen Township. The outcome of this effort will have a substantial impact on the future financial picture of the West Goshen Sewer Authority.

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

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

recycling fees charged to residents and businesses became effective October 1, 2001. The current rate was designed to cover the 65 percent increase contained in the five-year contract with the private waste and recycling contractor. Due to sufficient fund reserves, in October 2005, the Township signed a two-year option agreement with the contractor to extend the contract while maintaining the current fees charged to residents. Therefore, net revenues in this department will decrease over the next year. The Commonwealth of Pennsylvania also subsidizes the recycling program with a Performance Grant. The grant amount for 2008 was \$63,902 as compared to \$71,113 for the prior year.

Business-type activities decreased the Township's net assets by \$928,144. The decrease of \$928,144 of net assets is \$816,605 more than the previous year decrease of \$111,539.

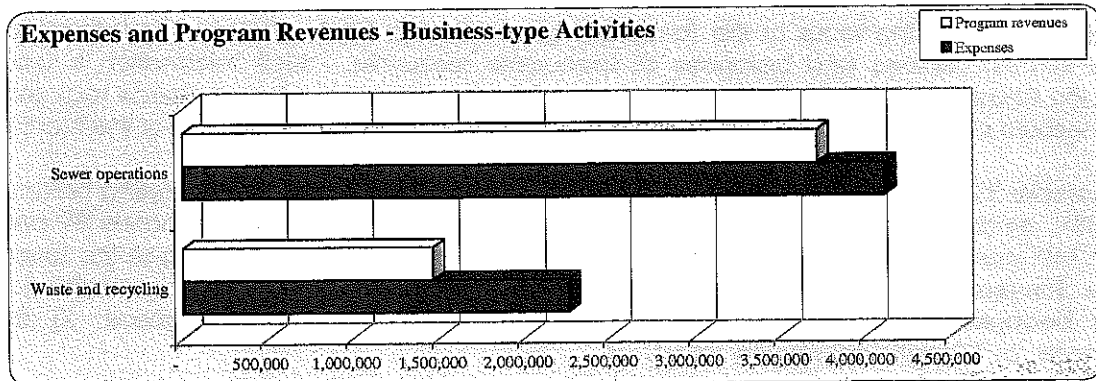
Major revenue factors include:

- Operating grants and contributions decreased by \$2,946 over the previous year due primarily to a slight decrease for the Recycling Grant.
- Revenue for capital grants and contributions increased \$98,854 over the previous year. Dedication of the sanitary sewer lines from the Links development to the Authority accounted for this increase.

Major expense factors include:

- Increases in employee wages increased approximately 3.5 percent resulting from general wage increases.
- Employee benefits costs increased by approximately 12 percent.
- The purchase of 96-gallon trash containers for each Township resident for the new automated trash collection system that began in the fall of 2008.

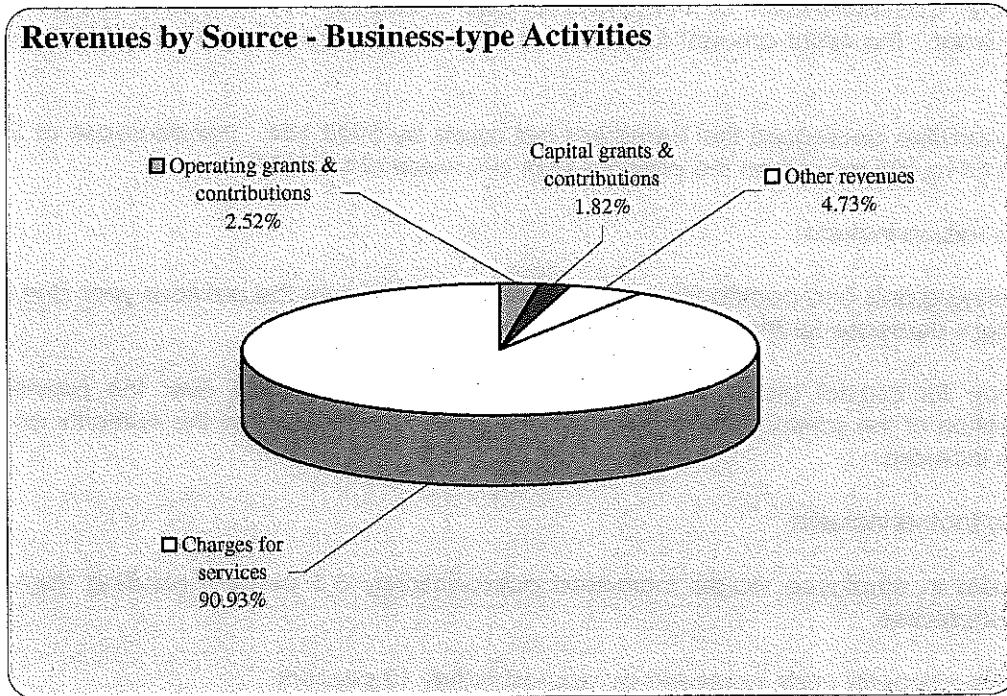
The following graph compares the charges for services to the operating expenses of each fund.



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MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

As shown on the following chart, the revenues of the Township's Business-type activities included 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, 2008, the Township's governmental funds reported combined ending balances of \$15,633,889, an decrease of \$1,005,443 as compared to the prior year. Approximately 59 percent, or \$9,297,749, 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 - UNAUDITED (CONT'D)

The **General Fund** is the chief operating fund of West Goshen Township. As of December 31, 2008, the total fund balance of the General Fund was \$8,830,627 (as compared to \$8,748,955 for the prior year), all of which is unreserved. The fund balance of the General Fund increased by \$81,672 in fiscal year 2008. Key factors contributing to this growth are as follows:

- Overall revenues were down \$1,212,343. 2008 was a year of historic lows and the worst credit and economic crisis of the last 50 years. As the economy started its downfall in the fourth quarter of 2008, earned income taxes were less than anticipated by \$780,258 and investment earnings under budget by \$255,562 as interest rates tumbled.
- Actual expenditures and other financing uses were less than anticipated by \$1,284,640. Actual increases for employee benefits came in under budget by eight percent (\$102,629). Road construction material costs and parks material costs were less than budgeted by approximately \$343,537 and \$97,816, respectively. Building repairs and maintenance were under budget by \$65,500. Transfers to the Capital Reserve Fund for traffic signal design and bridge construction were less than budgeted by \$525,000. Road construction costs are further explained under *Special Revenue Funds (State Funds)*.

*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 Offsite Development Fund (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 Offsite Development Fund (Restricted Parks account) transfers monies to the Capital Reserve Fund to pay for expenses that are associated with the Township's parks.

Capital expenditures financed out of this fund in 2008 totaled \$1,823,284 in the following categories: Administration (\$52,781 – pollution remediation, major capital equipment \$48,212 and professional services \$1,500); Public Works (\$64,600 – traffic studies and \$762,747 – major capital equipment); Culture and Recreation (\$40,326 – major capital equipment) and Debt Service (\$853,118 – principal and interest).

The total fund balance as of December 31, 2008, is \$6,336,140, all of which is reserved as previously explained.

*Capital Projects Funds* are maintained for specific capital improvements and are restricted to expenditures for specified purposes.

- *Cold Springs Bridge Fund (nonmajor governmental fund)* – In 2006, the Township received \$50,000 from a building contractor for future repairs to a newly constructed bridge leading into the new Cold Springs development. It is anticipated that investment earnings will be sufficient to cover future expenditures. Expenditures for this fund are not expected to occur for a minimum of 50 years.

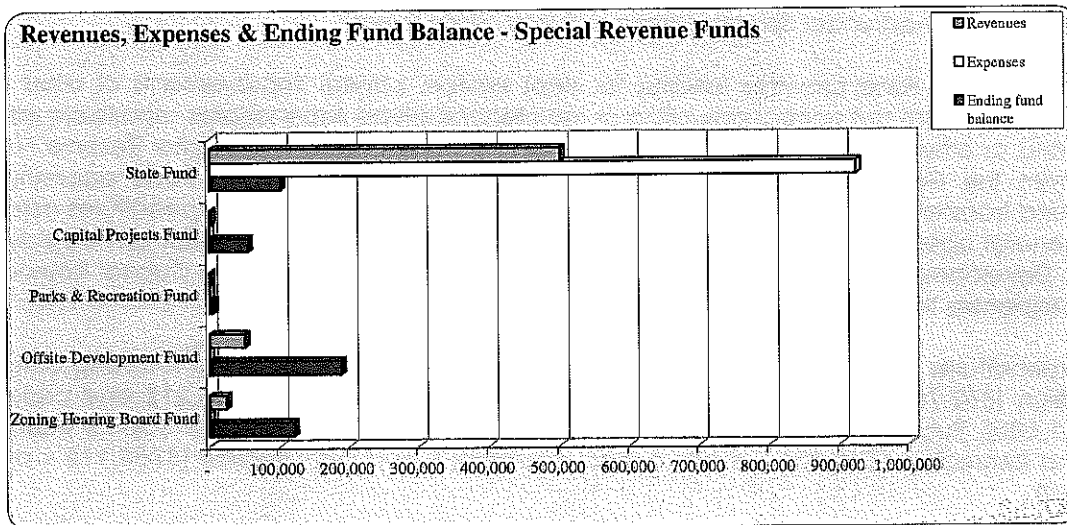
The total fund balance as of December 31, 2008, is \$54,150, all of which is reserved as previously explained.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

**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 and Zoning Hearing Board. Major revenue sources for these funds include grants from the Commonwealth, contributions, charges for services and interest earnings.

- *State Funds (nonmajor governmental fund)* – The Township received \$484,127 (compared to \$440,216 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.
- *Offsite Development Fund (nonmajor governmental fund)* – The Township received \$45,000 (compared to \$47,500 in the prior year) from building contractors for open space projects. Expenditures from this fund were minimal of \$27.



The total fund balance as of December 31, 2008, is \$412,972 (as compared to \$763,108 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 - 23 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 \$2,833,025 as compared to \$4,342,441 in the prior year. The total decrease in unrestricted net assets was \$1,509,416. Factors contributing to the finances of these three funds have already been addressed in the discussion of the Township's business-type activities.



WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

For 2008, there were no revisions to the General Fund budget.

The program budget for the General Fund anticipated an increase in fund balance of \$6,636.

Actual revenues and other financing sources were under budgeted amounts by \$1,209,604. Actual expenditures and other financing uses were under budgeted expenditures by \$1,284,640. Following are the main components of the increase:

- Actual increases for employee benefits came in under budget (\$102,629);
- Road construction material costs came in under budget (\$343,537);
- Parks material costs came in under budget (\$97,816);
- Building repairs and maintenance came in under budget (\$65,500);
- Transfers to capital reserve were under budget (\$525,000);
- Below average investment returns from weak economic conditions (-\$255,562); and
- Earned income taxes reflect a slowing local economy (-\$780,258).

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, 2008 amounts to \$55,538,117, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, land improvements and infrastructure. The total decrease in the Township's investment in capital assets for the current fiscal year was a total of approximately \$1,236,217, net of accumulated depreciation, or a 2.2 percent decrease.

	Governmental activities		Business-Type activities		Total	
	2008	2007	2008	2007	2008	2007
Buildings and improvements	\$ 6,937,782	\$ 6,937,782	\$ 12,011,239	\$ 12,011,239	\$ 18,949,021	\$ 18,949,021
Machinery and equipment	2,994,017	3,005,149	8,036,439	8,030,305	11,030,456	11,035,454
Vehicles	1,868,117	1,231,553	380,379	238,189	2,248,496	1,469,742
Land	3,128,044	3,128,044	82,083	82,083	3,210,127	3,210,127
Land improvements	2,047,019	2,047,019	560,571	560,571	2,607,590	2,607,590
Infrastructure	46,067,508	45,937,478	16,366,890	16,268,036	62,434,398	62,205,514
Construction in progress	-	15,738	135,250	28,842	135,250	44,580
Total capital assets	63,042,487	62,302,763	37,572,851	37,219,265	100,615,338	99,522,028
Less accumulated depreciation	(28,955,063)	(27,485,293)	(16,122,158)	(15,262,401)	(45,077,221)	(42,747,694)
Capital assets, net of depreciation	\$ 34,087,424	\$ 34,817,470	\$ 21,450,693	\$ 21,956,864	\$ 55,538,117	\$ 56,774,334

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

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

- \$92,661 – purchase of four new Police vehicles;
- \$14,999 – purchase of one Parks Department super rake;
- \$39,327 – purchase of one Parks Department crew cab truck;
- \$17,516 – purchase of two Parks Department mowers;
- \$6,362 – purchase of a Parks Department power rake;
- \$8,722 – purchase of one Administration computer server;
- \$48,213 – balance of Administration Department magnet software;
- \$31,340 – purchase of an Administration phone system;
- \$31,634 – purchase of one Roads Department crack sealer;
- \$9,117 – purchase of one Roads Department track trailer & spray bar;
- \$547,518 – purchase of 5 Roads Department trucks;
- \$130,030 – Cork Circle subdivision roadway infrastructure dedicated to the Township.

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

- \$2,908 – purchase of a computer server;
- \$9,590 – purchase of a Sewer lateral camera;
- \$24,649 – purchase of a Ford truck;
- \$144,446 – purchase of a video camera truck.
- \$98,854 – sewer dedications
- \$106,048 – construction in progress at pumps 1 and 6

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

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

*Long-term Debt*

At December 31, 2008, the Township had \$10,898,526 in bonds, notes, and capital leases outstanding versus \$12,441,580 last year – a decrease of 12.4 percent – as shown in Table 4 below.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 4,101,000	\$ 4,726,000	\$ -	\$ -	\$ 4,101,000	\$ 4,726,000
Capital lease	94,526	196,580	-	-	94,526	196,580
Sewer Revenue bonds	-	-	2,880,000	3,405,000	2,880,000	3,405,000
Sewer Revenue notes	-	-	3,823,000	4,114,000	3,823,000	4,114,000
<b>Total outstanding debt</b>	<b>\$ 4,195,526</b>	<b>\$ 4,922,580</b>	<b>\$ 6,703,000</b>	<b>\$ 7,519,000</b>	<b>\$ 10,898,526</b>	<b>\$ 12,441,580</b>

No new debt was issued in 2008. Other obligations of the Township include compensated absences of \$674,461.

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 \$49,657,998, 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 42-44 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.
- Due to the fiscal credit crisis, interest rates for savings and checking accounts are at an all-time low of .3 percent.
- The implosion of the residential housing market in 2008 has had a profound effect nationwide. The number of real estate sales in the Township directly affects the revenue streams of real estate transfer taxes.
- Nationwide job losses and a general recessionary environment directly affects the revenue stream of earned income and local services taxes.

## WEST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)

- Changes in the pension laws and contractual changes to the pension plans continue to place added financial burdens on the Township to supplement State Aid.
- The Township adopted a 2009 budget in which its anticipated revenues slightly exceed planned expenditures by \$2,450.
- Township real estate taxes were not increased for 2009.
- 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 fees will increase from \$45/quarter to \$65/quarter with the April 1, 2009 billing.
- Waste and recycling fees will increase from \$55/quarter to \$85/quarter with the April 1, 2009 billing.

All of these factors were considered in preparing the Township's budget for the 2009 fiscal year.

#### 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.

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, 2008**  
(with Summarized Comparative Data for December 31, 2007)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2008	2007
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 14,747,516	\$ 759,611	\$ 15,507,127	\$ 17,463,758
Cash and cash equivalents, restricted	-	8,910,666	8,910,666	8,686,330
Investments	1,470,966	812,898	2,283,864	2,325,319
Investments, restricted	-	1,397,103	1,397,103	1,357,583
Accounts and other receivables	2,206,087	1,451,491	3,657,578	3,882,334
Due from developers	-	9,755	9,755	9,311
Total Current Assets	<u>18,424,569</u>	<u>13,341,524</u>	<u>31,766,093</u>	<u>33,724,635</u>
Noncurrent Assets:				
Depreciable capital assets, net	30,959,380	21,233,360	52,192,740	53,519,627
Land	3,128,044	82,083	3,210,127	3,210,127
Construction-in-progress	-	135,250	135,250	44,580
Bond issuance costs	-	36,037	36,037	43,623
Total Noncurrent Assets	<u>34,087,424</u>	<u>21,486,730</u>	<u>55,574,154</u>	<u>56,817,957</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,511,993</u>	<u>\$ 34,828,254</u>	<u>\$ 87,340,247</u>	<u>\$ 90,542,592</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 650,982	\$ 84,599	\$ 735,581	\$ 144,547
Developers' deposits	-	116,047	116,047	123,191
Compensated absences payable within one year	35,363	11,849	47,212	44,147
Capital leases payable within one year	54,118	-	54,118	101,124
Bonds payable within one year	-	540,000	540,000	525,000
Notes payable within one year	332,000	305,000	637,000	916,000
Total Current Liabilities	<u>1,072,463</u>	<u>1,057,495</u>	<u>2,129,958</u>	<u>1,854,009</u>
Noncurrent Liabilities:				
Compensated absences	469,828	157,421	627,249	586,531
Capital leases payable	40,408	-	40,408	95,456
Bonds payable	-	2,340,000	2,340,000	2,880,000
Deferred amount on refunding	-	(26,857)	(26,857)	(32,511)
Notes payable	3,769,000	3,518,000	7,287,000	7,924,000
Total Noncurrent Liabilities	<u>4,279,236</u>	<u>5,988,564</u>	<u>10,267,800</u>	<u>11,453,476</u>
<b>TOTAL LIABILITIES</b>	<u>5,351,699</u>	<u>7,046,059</u>	<u>12,397,758</u>	<u>13,307,485</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	29,891,898	14,747,693	44,639,591	44,332,754
Restricted for:				
Capital reserve	6,336,140	-	6,336,140	7,074,261
Sewer	-	10,201,477	10,201,477	9,930,034
Unrestricted	10,932,256	2,833,025	13,765,281	15,898,058
<b>TOTAL NET ASSETS</b>	<u>47,160,294</u>	<u>27,782,195</u>	<u>74,942,489</u>	<u>77,235,107</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 52,511,993</u>	<u>\$ 34,828,254</u>	<u>\$ 87,340,247</u>	<u>\$ 90,542,592</u>

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

**WEST GOSHEN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
				Governmental Activities	Business-type Activities	2008
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 1,962,787	\$ 56,534	\$ 130,030	\$ (1,725,458)	\$ -	\$ (955,656)
Public safety	5,392,394	391,287	-	(4,344,401)	-	(3,978,673)
Public works - highways and streets	4,476,834	509,226	-	(3,967,608)	-	(2,041,431)
Other public works	169,750	-	-	(169,750)	-	(161,236)
Culture and recreation	1,172,675	20,804	-	(1,031,147)	-	(989,251)
Interest expense	228,118	-	-	(228,118)	-	(259,426)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>13,402,558</b>	<b>977,851</b>	<b>130,030</b>	<b>(11,466,482)</b>	<b>-</b>	<b>(8,385,673)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Sewer operations	4,099,172	72,419	98,854	-	(394,107)	(354,702)
Waste and recycling	2,248,783	63,902	-	-	(790,560)	(417,702)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>6,347,955</b>	<b>136,321</b>	<b>98,854</b>	<b>(1,184,667)</b>	<b>(1,184,667)</b>	<b>(772,404)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,750,513</b>	<b>\$ 1,114,172</b>	<b>\$ 228,884</b>	<b>(11,466,482)</b>	<b>(1,184,667)</b>	<b>(9,158,077)</b>
<b>GENERAL REVENUES</b>						
Taxes:						
Real estate taxes			2,590,007			2,551,015
Real estate transfer taxes			564,294			861,761
Earned income taxes			5,386,742			6,530,198
Emergency Municipal Services Tax			812,406			1,197,356
Franchise taxes			335,119			314,316
Investment earnings			392,927	256,523		1,379,607
Grants and contributions not restricted to specific programs			19,031		19,031	20,357
Gain (loss) on sale of capital assets			(13,328)		(13,328)	21,448
Miscellaneous			14,810		14,810	102,046
<b>TOTAL GENERAL REVENUES</b>			<b>10,102,008</b>	<b>256,523</b>	<b>10,358,531</b>	<b>12,978,104</b>
<b>CHANGE IN NET ASSETS</b>			<b>(1,364,474)</b>	<b>(928,144)</b>	<b>(2,292,618)</b>	<b>3,820,027</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>			<b>48,524,768</b>	<b>28,710,339</b>	<b>77,235,107</b>	<b>73,415,080</b>
<b>NET ASSETS, END OF YEAR</b>			<b>\$ 47,160,294</b>	<b>\$ 27,782,195</b>	<b>\$ 74,942,489</b>	<b>\$ 77,235,107</b>

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

**WEST GOSHEN TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2008  
(with Summarized Comparative Data for December 31, 2007)**

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2008	2007
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,441,485	\$ 5,413,909	\$ 892,122	\$ 14,747,516	\$ 15,208,946
Investments	413,009	1,057,957	-	1,470,966	1,437,972
Accounts receivable	36,283	-	-	36,283	23,805
Taxes receivable	2,169,804	-	-	2,169,804	2,499,764
<b>TOTAL ASSETS</b>	<u>\$ 11,060,581</u>	<u>\$ 6,471,866</u>	<u>\$ 892,122</u>	<u>\$ 18,424,569</u>	<u>\$ 19,170,487</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 90,256	\$ 135,726	\$ 425,000	\$ 650,982	\$ 70,940
Deferred revenues	2,139,698	-	-	2,139,698	2,460,215
<b>TOTAL LIABILITIES</b>	<u>2,229,954</u>	<u>135,726</u>	<u>425,000</u>	<u>2,790,680</u>	<u>2,531,155</u>
<b>FUND BALANCES:</b>					
Reserved for capital projects	-	6,336,140	-	6,336,140	7,074,261
Unreserved:					
General fund	8,830,627	-	-	8,830,627	8,748,955
Special revenue funds	-	-	412,972	412,972	763,108
Capital projects fund	-	-	54,150	54,150	53,008
<b>TOTAL FUND BALANCES</b>	<u>8,830,627</u>	<u>6,336,140</u>	<u>467,122</u>	<u>15,633,889</u>	<u>16,639,332</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,060,581</u>	<u>\$ 6,471,866</u>	<u>\$ 892,122</u>	<u>\$ 18,424,569</u>	<u>\$ 19,170,487</u>

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, 2008**

TOTAL GOVERNMENTAL FUND BALANCES \$ 15,633,889

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	\$ 30,959,380	
Land	<u>3,128,044</u>	34,087,424

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. 2,139,698

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	(94,526)	
Compensated absences	(505,191)	
Notes payable	<u>(4,101,000)</u>	<u>(4,700,717)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 47,160,294

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, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Major Funds			Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund			2008	2007
<b>REVENUES</b>						
Taxes	\$ 9,673,966	\$ -		\$ -	\$ 9,673,966	\$ 11,258,617
Licenses and permits	343,409	-		-	343,409	318,926
Fines, forfeits and costs	231,412	-		-	231,412	243,004
Investment earnings	249,608	160,301		20,188	430,097	750,290
Intergovernmental revenues	512,755	-		484,127	996,882	952,967
Charges for services/fees	482,823	-		23,500	506,323	513,624
Contributions	-	-		45,000	45,000	47,500
Miscellaneous revenue/other	14,750	-		60	14,810	102,046
<b>TOTAL REVENUES</b>	<b>11,508,723</b>	<b>160,301</b>		<b>572,875</b>	<b>12,241,899</b>	<b>14,186,974</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,827,635	102,493		-	1,930,128	1,749,317
Public safety	5,334,087	-		-	5,334,087	4,974,334
Public works - highways and streets	2,055,878	827,347		921,842	3,805,067	1,340,066
Other public works	169,750	-		-	169,750	168,736
Culture and recreation	1,016,785	40,326		-	1,057,111	1,028,470
Miscellaneous expenditures	-	-		27	27	27
Debt Service:						
Principal	102,054	625,000		-	727,054	744,525
Interest and other charges	-	228,118		-	228,118	259,426
<b>TOTAL EXPENDITURES</b>	<b>10,506,189</b>	<b>1,823,284</b>		<b>921,869</b>	<b>13,251,342</b>	<b>10,284,901</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,002,534</b>	<b>(1,662,983)</b>		<b>(348,994)</b>	<b>(1,009,443)</b>	<b>3,922,073</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease	-	-		-	-	50,089
Sale of/compensation for sale of capital assets	4,000	-		-	4,000	-
Transfers in	-	924,862		-	924,862	2,839,719
Transfers out	(924,862)	-		-	(924,862)	(2,839,719)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(920,862)</b>	<b>924,862</b>		<b>-</b>	<b>4,000</b>	<b>50,089</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>81,672</b>	<b>(738,121)</b>		<b>(348,994)</b>	<b>(1,005,443)</b>	<b>3,972,162</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>8,748,955</b>	<b>7,074,261</b>		<b>816,116</b>	<b>16,639,332</b>	<b>12,667,170</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 8,830,627</b>	<b>\$ 6,336,140</b>		<b>\$ 467,122</b>	<b>\$ 15,633,889</b>	<b>\$ 16,639,332</b>

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

**WEST GOSHEN TOWNSHIP  
RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (1,005,443)
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 period.	(808,002)
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.	(320,517)
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.	(52,074)
In the statement of activities, contributed assets are recognized as a capital contribution and as a capital asset, whereas in the governmental funds, the transaction is not recognized.	130,030
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.	727,054
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).	<u>(35,522)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (1,364,474)</u></u>

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, 2008**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes:			
Real estate - current	\$ 2,500,000	\$ 2,523,233	\$ 23,233
Real estate - delinquent and interest	28,000	40,775	12,775
Real estate - interims	10,000	13,516	3,516
Real estate - transfer	750,000	564,294	(185,706)
Earned income tax	6,500,000	5,719,742	(780,258)
Emergency municipal services tax	975,000	812,406	(162,594)
Licenses and permits	283,500	343,409	59,909
Fines, forfeits and costs	199,000	231,412	32,412
Interest, dividends and rents	502,926	249,608	(253,318)
Intergovernmental revenues	512,751	512,755	4
Charges for services/fees	441,150	482,823	41,673
Miscellaneous revenue/other	14,000	14,750	750
<b>TOTAL REVENUES</b>	<u>12,716,327</u>	<u>11,508,723</u>	<u>(1,207,604)</u>
<b>EXPENDITURES</b>			
Current:			
General government:			
Administration	1,227,097	1,162,431	64,666
Auditing	23,720	23,618	102
Tax collection	166,871	144,500	22,371
Engineering	200,695	250,382	(49,687)
Building maintenance	315,496	246,704	68,792
<b>Total general government</b>	<u>1,933,879</u>	<u>1,827,635</u>	<u>106,244</u>
Public safety:			
Police	4,311,231	4,276,322	34,909
Fire protection	723,307	708,987	14,320
Code enforcement	286,198	282,739	3,459
Planning and zoning	39,074	66,039	(26,965)
<b>Total public safety</b>	<u>5,359,810</u>	<u>5,334,087</u>	<u>25,723</u>
Public works - highways and streets:			
Administration	612,169	579,997	32,172
Winter maintenance	34,502	20,093	14,409
Road maintenance	667,734	666,627	1,107
Road construction	1,118,648	773,746	344,902
Storm water management	21,000	15,415	5,585
<b>Total public works - highways and streets</b>	<u>2,454,053</u>	<u>2,055,878</u>	<u>398,175</u>

Continued on next page.

**WEST GOSHEN TOWNSHIP  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (cont'd)			
Other public works:			
Traffic signal maintenance	189,207	135,552	53,655
Street lighting	40,000	34,198	5,802
Total other public works	<u>229,207</u>	<u>169,750</u>	<u>59,457</u>
Culture and recreation:			
Recreation	285,717	272,244	13,473
Parks	799,674	744,541	55,133
Total culture and recreation	<u>1,085,391</u>	<u>1,016,785</u>	<u>68,606</u>
Nondepartmental:			
Debt service - principal	110,386	102,054	8,332
TOTAL EXPENDITURES	<u>11,172,726</u>	<u>10,506,189</u>	<u>666,537</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>1,543,601</u>	 <u>1,002,534</u>	 <u>(541,067)</u>
 OTHER FINANCING SOURCES (USES)			
Sale of/compensation for capital assets	6,000	4,000	(2,000)
Interfund transfers	(1,542,965)	(924,862)	618,103
TOTAL OTHER FINANCING USES	<u>(1,536,965)</u>	<u>(920,862)</u>	<u>616,103</u>
 NET CHANGES IN FUND BALANCES	 6,636	 81,672	 75,036
 FUND BALANCE, BEGINNING OF YEAR	 <u>8,655,294</u>	 <u>8,748,955</u>	 <u>(93,661)</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 8,661,930</u>	 <u>\$ 8,830,627</u>	 <u>\$ (18,625)</u>

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

**WEST GOSHEN TOWNSHIP**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**DECEMBER 31, 2008**  
**(with Summarized Comparative Data for December 31, 2007)**

	Major Enterprise Funds				Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	-		2008	2007
<b>ASSETS</b>							
Current Assets:							
Cash and cash equivalents	\$ 620,624	\$ 138,444	\$ 543	-	\$ 759,611	\$ 2,254,812	
Cash and cash equivalents, restricted	-	-	8,910,666	-	8,910,666	8,686,330	
Investments	810,249	2,649	-	-	812,898	887,347	
Investments, restricted	-	-	-	1,397,103	1,397,103	1,357,583	
Accounts receivable	964,296	487,195	-	-	1,451,491	1,358,765	
Due from developers	-	-	9,755	-	9,755	9,311	
Total Current Assets	<u>2,395,169</u>	<u>628,288</u>	<u>8,920,964</u>	<u>1,397,103</u>	<u>13,341,524</u>	<u>14,554,148</u>	
Noncurrent Assets:							
Bond issuance costs	-	-	36,037	-	36,037	43,623	
Land	-	-	82,083	-	82,083	82,083	
Construction-in-progress	-	-	135,250	-	135,250	28,842	
Capital assets, net	429,528	-	20,803,832	-	21,233,360	21,845,939	
Total Noncurrent Assets	<u>429,528</u>	<u>-</u>	<u>21,057,202</u>	<u>-</u>	<u>21,486,730</u>	<u>22,000,487</u>	
<b>TOTAL ASSETS</b>	<u>\$ 2,824,697</u>	<u>\$ 628,288</u>	<u>\$ 29,978,166</u>	<u>\$ 1,397,103</u>	<u>\$ 34,828,254</u>	<u>\$ 36,554,635</u>	
<b>LIABILITIES AND NET ASSETS</b>							
Current Liabilities:							
Accounts payable	\$ 52,379	\$ 32,220	\$ -	-	\$ 84,599	\$ 73,607	
Developer deposits	-	-	116,047	-	116,047	123,191	
Compensated absences	11,519	330	-	-	11,849	11,270	
Bonds payable within one year	-	-	540,000	-	540,000	525,000	
Notes payable within one year	-	-	305,000	-	305,000	291,000	
Total Current Liabilities	<u>63,898</u>	<u>32,550</u>	<u>961,047</u>	<u>-</u>	<u>1,057,495</u>	<u>1,024,068</u>	
Noncurrent Liabilities:							
Compensated absences	153,035	4,386	-	-	157,421	149,739	
Bonds payable	-	-	2,340,000	-	2,340,000	2,880,000	
Deferred amount on refunding	-	-	(26,857)	-	(26,857)	(32,511)	
Notes payable	153,035	4,386	3,518,000	-	3,518,000	3,823,000	
Total Noncurrent Liabilities	<u>153,035</u>	<u>4,386</u>	<u>5,831,143</u>	<u>-</u>	<u>5,988,564</u>	<u>6,820,228</u>	
<b>TOTAL LIABILITIES</b>	<u>216,933</u>	<u>36,936</u>	<u>6,792,190</u>	<u>-</u>	<u>7,046,059</u>	<u>7,844,296</u>	
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	429,528	-	14,318,165	-	14,747,693	14,437,864	
Restricted	-	-	8,804,374	1,397,103	10,201,477	9,930,034	
Unrestricted	2,178,236	591,352	63,437	-	2,833,025	4,342,441	
<b>TOTAL NET ASSETS</b>	<u>2,607,764</u>	<u>591,352</u>	<u>23,185,976</u>	<u>1,397,103</u>	<u>27,782,195</u>	<u>28,710,339</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,824,697</u>	<u>\$ 628,288</u>	<u>\$ 29,978,166</u>	<u>\$ 1,397,103</u>	<u>\$ 34,828,254</u>	<u>\$ 36,554,635</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, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Major Enterprise Funds				Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	-		2008	2007
<b>OPERATING REVENUES:</b>							
Fees	\$ 3,357,631	\$ 1,378,919	\$ 91,570	\$ -	\$ 4,828,120	\$ 4,891,004	
Other	90,909	15,402	64,427	-	170,738	78,435	
<b>TOTAL OPERATING REVENUES</b>	<b>3,448,540</b>	<b>1,394,321</b>	<b>155,997</b>	<b>-</b>	<b>4,998,858</b>	<b>4,969,439</b>	
<b>OPERATING EXPENSES:</b>							
Contracted services	-	2,158,999	-	-	2,158,999	1,776,591	
Sewer collection	147,020	-	-	-	147,020	150,110	
Sewer disposal	451,248	-	-	-	451,248	384,478	
Salaries and wages	995,056	44,321	-	-	1,039,377	1,000,194	
Engineering fees	-	-	15,465	-	15,465	19,601	
Administration	62,896	25,788	84,026	-	172,710	120,775	
Employee benefits	625,576	18,775	-	-	644,351	612,350	
Supplies	-	111	-	-	111	175	
Fuel and light	442,727	-	-	-	442,727	441,812	
Repairs and maintenance	152,379	789	-	-	153,168	119,461	
Depreciation	66,085	-	823,615	-	889,700	881,380	
<b>TOTAL OPERATING EXPENSES</b>	<b>2,942,987</b>	<b>2,248,783</b>	<b>923,106</b>	<b>-</b>	<b>6,114,876</b>	<b>5,506,927</b>	
<b>OPERATING INCOME (LOSS)</b>	<b>505,553</b>	<b>(854,462)</b>	<b>(767,109)</b>	<b>-</b>	<b>(1,116,018)</b>	<b>(537,488)</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	52,355	17,818	146,830	39,520	256,523	660,865	
Amortization expense	-	-	(219,839)	-	(219,839)	(292,440)	
Other nonoperating revenue	1,674	63,902	(13,240)	-	(13,240)	(13,240)	
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>54,029</b>	<b>81,720</b>	<b>(86,249)</b>	<b>39,520</b>	<b>89,020</b>	<b>70,764</b>	
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>							
Capital contribution	559,582	(772,742)	(853,358)	39,520	(1,026,998)	(111,539)	
Transfers in	-	-	98,854	-	98,854	-	
Transfers out	(1,152,423)	-	1,152,423	-	(1,152,423)	(1,218,384)	
<b>CHANGE IN NET ASSETS</b>	<b>(592,841)</b>	<b>(772,742)</b>	<b>397,919</b>	<b>39,520</b>	<b>(928,144)</b>	<b>(111,539)</b>	
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,200,605</b>	<b>1,364,094</b>	<b>22,788,057</b>	<b>1,357,583</b>	<b>28,710,339</b>	<b>28,821,878</b>	
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,607,764</b>	<b>\$ 591,352</b>	<b>\$ 23,185,976</b>	<b>\$ 1,397,103</b>	<b>\$ 27,782,195</b>	<b>\$ 28,710,339</b>	

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, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Major Enterprise Funds					Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2008	2007	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Received from customers	\$ 3,368,657	\$ 1,381,478	\$ 155,553	\$ -	\$ 4,905,688	\$ 5,173,281	
Paid to suppliers for goods and services	(1,251,484)	(2,179,481)	(106,635)	-	(3,537,600)	(2,994,556)	
Paid to employee for services	(1,611,555)	(63,912)	-	-	(1,675,467)	(1,621,452)	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>505,618</u>	<u>(861,915)</u>	<u>48,918</u>	<u>-</u>	<u>(307,379)</u>	<u>557,273</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Grants received from state	-	63,902	-	-	63,902	71,113	
Transfer from other funds	-	-	1,152,423	-	1,152,423	1,218,384	
Transfer to other funds	(1,152,423)	-	-	-	(1,152,423)	(1,218,384)	
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(1,152,423)</u>	<u>63,902</u>	<u>1,152,423</u>	<u>-</u>	<u>63,902</u>	<u>71,113</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Interest paid	-	-	(219,839)	-	(219,839)	(292,440)	
Principal payments	-	-	(816,000)	-	(816,000)	(792,000)	
Cash paid for acquisition and construction of capital assets	(176,593)	-	(106,408)	-	(283,001)	(366,762)	
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(176,593)</u>	<u>-</u>	<u>(1,142,247)</u>	<u>-</u>	<u>(1,318,840)</u>	<u>(1,451,202)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest and investment earnings	52,355	17,818	146,830	39,520	256,523	668,027	
Sale of investments, net of reinvestment	-	97,379	-	-	97,379	5,205,687	
Purchases of investments, net of reinvestment	(22,930)	-	-	(39,520)	(62,450)	(578,270)	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>29,425</u>	<u>115,197</u>	<u>146,830</u>	<u>-</u>	<u>291,452</u>	<u>5,295,444</u>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(793,973)</u>	<u>(682,816)</u>	<u>205,924</u>	<u>-</u>	<u>(1,270,865)</u>	<u>4,472,628</u>	
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,414,597</u>	<u>821,260</u>	<u>8,705,285</u>	<u>-</u>	<u>10,941,142</u>	<u>6,468,514</u>	
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 620,624</u>	<u>\$ 138,444</u>	<u>\$ 8,911,209</u>	<u>\$ -</u>	<u>\$ 9,670,277</u>	<u>\$ 10,941,142</u>	

Continued on next page.

**WEST GOSHEN TOWNSHIP**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

(cont'd)	Major Enterprise Funds					Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2008	2007	
Operating income (loss)	\$ 505,553	\$ (854,462)	\$ (767,109)	\$ -	\$ (1,116,018)	\$ (537,488)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	66,085	-	823,615	-	889,700	881,380	
Changes in net assets and liabilities:							
Accounts receivable	(79,883)	(12,843)	(444)	-	(93,170)	203,842	
Due from developers	-	-	(7,144)	-	(7,144)	7,625	
Accounts payable	4,786	6,206	-	-	10,992	10,822	
Compensated absences	9,077	(816)	-	-	8,261	(8,908)	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 505,618</b>	<b>\$ (861,915)</b>	<b>\$ 48,918</b>	<b>\$ -</b>	<b>\$ (307,379)</b>	<b>\$ 557,273</b>	
<b>SUPPLEMENTAL INFORMATION:</b>							
Restricted	\$ -	\$ -	\$ 8,910,666	\$ -	\$ 8,910,666	\$ 8,686,330	
Unrestricted	620,624	138,444	543	-	759,611	2,254,812	
	<b>\$ 620,624</b>	<b>\$ 138,444</b>	<b>\$ 8,911,209</b>	<b>\$ -</b>	<b>\$ 9,670,277</b>	<b>\$ 10,941,142</b>	
<b>NONCASH INVESTING ACTIVITIES:</b>							
Net increase in fair value of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,147	
<b>TOTAL NONCASH INVESTING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,147</b>	
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Contributed capital assets	\$ -	\$ -	\$ 98,854	\$ -	\$ 98,854	\$ -	
Capital assets acquired through incurrence of accounts payable	-	-	-	-	-	135,080	
Gain on trade-in of capital assets	5,000	-	-	-	5,000	5,000	
Amortization expense	-	-	13,240	-	13,240	13,240	
	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 112,094</b>	<b>\$ -</b>	<b>\$ 117,094</b>	<b>\$ 153,320</b>	

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



**WEST GOSHEN TOWNSHIP  
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,492,616	\$ 66,669
Insurance contracts, at contract value	1,680,249	-
Investments, at market value - mutual funds	<u>9,702,258</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,875,123</u></b>	<b><u>\$ 66,669</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Escrow deposits	\$ -	\$ 66,669
 <b>NET ASSETS:</b>		
Assets held in trust for pension and other employee benefits and pool participants	<u>12,875,123</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 12,875,123</u></b>	<b><u>\$ 66,669</u></b>

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, 2008**

ADDITIONS AND INVESTMENT LOSSES:

Contributions:	
State aid	\$ 340,937
Employer contributions	427,420
Member contributions	112,853
Total Contributions	<u>881,210</u>
Investment income (loss):	
Interest and dividends	498,888
Net decrease in fair value of investments	<u>(3,725,293)</u>
Total Investment Loss	<u>(3,226,405)</u>
TOTAL ADDITIONS AND INVESTMENT LOSSES	<u>(2,345,195)</u>
DEDUCTIONS:	
Pension payments	440,382
Administrative expenses	37,775
Other expenses	77,427
TOTAL DEDUCTIONS	<u>555,584</u>
CHANGE IN NET ASSETS	(2,900,779)
NET ASSETS, BEGINNING OF YEAR	<u>15,775,902</u>
NET ASSETS, END OF YEAR	<u>\$ 12,875,123</u>

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," as amended by GASB No. 39. 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 April 21, 2009 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 state fund, parks and recreation fund, offsite development fund, zoning hearing board fund and the capital projects 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, Insurance Trust and Agency Funds. The Pension Trust Funds account for the activities of the Police Pension Fund, the Non-Uniformed Pension Fund and the Sewer Pension Fund. The Insurance Trust Funds account for the activities of the Police Retirement Insurance Fund and the Non-Uniformed Insurance Fund. Pension and Insurance 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 Agency Fund accounts for the escrow account held by 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 2008, there were no revisions to the general fund budget.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

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.

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, other than infrastructure, 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 Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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	20-60 years

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 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 a liability for compensated absences only if they have matured. 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

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township does not have a policy for custodial credit risk on 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 obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit excluding the pension funds. At December 31, 2008, the carrying amount of the Township's deposits was \$24,484,462 (includes the agency fund) and the bank balance was \$24,471,701. Of the bank balance, \$558,911 was covered by federal depository insurance and \$12,029,236 was collateralized by pooled securities in accordance with Act 72. The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured and the collateral held by the depository's agent was not in the Township's name

As of December 31, 2008, \$3,079,180 of the Township's deposits were in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit.

As of December 31, 2008, \$8,804,374 of the Township's deposits were in the form of U.S. Treasury obligation money market funds and are not subject to custodial credit risk. Custodial credit risk information for the pension and post-retirement medical benefit funds can be found at Notes 8, 9, 10 and 12.

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 accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF). The Township also is authorized to invest in obligations of the United States of America or any of its agencies or instrumentalities 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.

As of December 31, 2008, the Township had the following investments:

Money market mutual funds	<u>\$ 3,680,967</u>
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Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2008, none of Township's investments were subject to custodial credit risk.

NOTE 3      INTERFUND TRANSFERS

Interfund transfers:

Transfers out:		Transfers in:	
General fund	<u>\$ 924,862</u>	Capital reserve	<u>\$ 924,862</u>

The transfers above moved funds to the general fund to pay for planned capital projects.

Eliminations of interfund activity:

	<u>Sewer Fund</u>	<u>Sewer Authority</u>	<u>Totals</u>
Revenue:			
Lease rental fees	<u>\$ -</u>	<u>\$ 1,152,423</u>	<u>\$ 1,152,423</u>
Total	<u>\$ -</u>	<u>\$ 1,152,423</u>	<u>\$ 1,152,423</u>
Expenses:			
Administration	<u>\$ 1,152,423</u>	<u>\$ -</u>	<u>\$ 1,152,423</u>
Total	<u>\$ 1,152,423</u>	<u>\$ -</u>	<u>\$ 1,152,423</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 INTERFUND TRANSFERS (cont'd)

These amounts have been eliminated in the statement of revenues, expenses and changes in 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, 2008 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	15,738	-	15,738	-
Total general capital assets not being depreciated	<u>3,143,782</u>	<u>-</u>	<u>15,738</u>	<u>3,128,044</u>
General capital assets				
Being depreciated:				
Buildings and improvements	6,937,782	-	-	6,937,782
Vehicles	1,231,553	679,506	42,942	1,868,117
Infrastructure	45,937,478	130,030	-	46,067,508
Land improvements	2,047,019	-	-	2,047,019
Machinery and equipment	3,005,149	183,641	194,773	2,994,017
Total general capital assets Being depreciated	<u>59,158,981</u>	<u>993,177</u>	<u>237,715</u>	<u>59,914,443</u>
Accumulated depreciation:				
Buildings and improvements	972,242	132,564	-	1,104,806
Vehicles	577,363	224,197	22,973	778,587
Infrastructure	23,872,709	1,061,700	-	24,934,409
Land improvements	847,688	42,941	-	890,629
Machinery and equipment	1,215,291	194,009	162,668	1,246,632
Total accumulated Depreciation	<u>27,485,293</u>	<u>1,655,411</u>	<u>185,641</u>	<u>28,955,063</u>
Total general capital assets Being depreciated, net	<u>31,673,688</u>	<u>(662,234)</u>	<u>52,074</u>	<u>30,959,380</u>
Governmental Activities, Net	<u>\$34,817,470</u>	<u>\$ (662,234)</u>	<u>\$ 67,812</u>	<u>\$34,087,424</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>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 82,083	\$ -	\$ -	\$ 82,083
Construction-in-progress	28,842	106,408	-	135,250
Total capital assets not being depreciated, net	<u>110,925</u>	<u>106,408</u>	<u>-</u>	<u>217,333</u>
Capital assets being depreciated:				
Collection system -				
Infrastructure	16,268,036	98,854	-	16,366,890
Land improvements	560,571	-	-	560,571
Buildings and improvements	12,011,239	-	-	12,011,239
Vehicles	238,189	169,096	26,906	380,379
Equipment	8,030,305	12,497	6,363	8,036,439
Total capital assets being Depreciated	<u>37,108,340</u>	<u>280,447</u>	<u>33,269</u>	<u>37,355,518</u>
Accumulated depreciation:				
Collection system -				
Infrastructure	6,612,062	293,121	-	6,905,183
Land improvements	161,287	11,090	-	172,377
Buildings and improvements	5,042,903	275,956	-	5,318,859
Vehicles	139,823	24,776	24,216	140,383
Equipment	3,306,326	284,757	5,727	3,585,356
Total accumulated Depreciation	<u>15,262,401</u>	<u>889,700</u>	<u>29,943</u>	<u>16,122,158</u>
Total capital assets being depreciated, net	<u>21,845,939</u>	<u>(609,253)</u>	<u>3,326</u>	<u>21,233,360</u>
Business-type Activities, Net	<u>\$21,956,864</u>	<u>\$ (502,845)</u>	<u>\$ 3,326</u>	<u>\$21,450,693</u>

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

Governmental Activities:	
General government	\$ 112,046
Public safety	110,878
Public works	1,265,658
Culture and recreation	<u>166,829</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,655,411</u>
Business-type Activities:	
Sewer operations	<u>\$ 889,700</u>

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 5      CAPITAL LEASES - LESSEE

The Township entered into lease agreements as lessee for financing the acquisition of vehicles and a brush chipper. 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 and brush chipper acquired through capital leases	\$ 501,856
Less: accumulated amortization	<u>(149,314)</u>
 Total	 <u>\$ 352,542</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008 are as follows:

Year Ending December 31,

2009	\$ 59,262
2010	<u>42,569</u>
 Total minimum lease payments	 101,831
Less: amount representing interest	<u>(7,305)</u>
 Present value of minimum lease payments	 <u>\$ 94,526</u>

The amortization of leased vehicles and equipment is included under depreciation expense.

NOTE 6      LONG-TERM DEBT

Governmental Activities:

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, 2018.	<u>\$ 4,101,000</u>
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Business-type Activities:

Sewer Revenue Bonds, Series 2003, currently refunded Series 1995, with interest varying from 2.15% to 3.6%, payable semi- annually. Maturity date is September 1, 2013.	2,880,000
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WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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. As of December 31, 2008, the interest rate is 2.81%. Maturity date is July 25, 2018.

3,823,000  
6,703,000

Grand Total \$ 10,804,000

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

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2009	\$ 332,000	\$ 201,318	\$ 533,318
2010	347,000	185,020	532,020
2011	363,000	167,986	530,986
2012	380,000	150,166	530,166
2013	398,000	131,512	529,512
2014-2018	<u>2,281,000</u>	<u>346,085</u>	<u>2,627,085</u>
	<u>\$ 4,101,000</u>	<u>\$ 1,182,087</u>	<u>\$ 5,283,087</u>

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2009	\$ 845,000	\$ 193,650	\$ 1,038,650
2010	880,000	168,752	1,048,752
2011	911,000	141,380	1,052,380
2012	942,000	112,111	1,054,111
2013	985,000	81,046	1,066,046
2014-2018	<u>2,140,000</u>	<u>161,318</u>	<u>2,301,318</u>
	<u>\$ 6,703,000</u>	<u>\$ 858,257</u>	<u>\$ 7,561,257</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>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation notes	\$ 4,726,000	\$ -	\$ 625,000	\$ 4,101,000	\$ 332,000
Capital leases payable	196,580	-	102,054	94,526	54,118
Compensated absences	<u>469,669</u>	<u>334,409</u>	<u>298,887</u>	<u>505,191</u>	<u>35,363</u>
Total Governmental Activities	<u>\$ 5,392,249</u>	<u>\$ 334,409</u>	<u>\$ 1,025,941</u>	<u>\$ 4,700,717</u>	<u>\$ 421,481</u>
<b>Business-type Activities:</b>					
Sewer revenue bonds	\$ 3,405,000	\$ -	\$ 525,000	\$ 2,880,000	\$ 540,000
Sewer revenue notes	4,114,000	-	291,000	3,823,000	305,000
Compensated absences	<u>161,009</u>	<u>79,830</u>	<u>71,569</u>	<u>169,270</u>	<u>11,849</u>
Total Business-type Activities	<u>\$ 7,680,009</u>	<u>\$ 79,830</u>	<u>\$ 887,569</u>	<u>\$ 6,872,270</u>	<u>\$ 856,849</u>

NOTE 7 TAXES

For 2008, the following tax was levied on assessed value of real estate:  
1.50 mills for general purposes

The taxable assessed valuation of property as of December 31, 2008 was \$1,747,526,471.

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 2008:

Real estate transfer tax	-	1% of sale price
Earned income tax	-	1% of gross income
Emergency and municipal services tax	-	\$52 per year

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 Vanguard National 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)

Plan Membership

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, the most recent actuarial date, disclosed that pension plan membership consisted of the following:

Active employees	25
Retirees and beneficiaries currently receiving benefits	9
Vested terminated members	<u>1</u>
Total	<u>35</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, disclosed that the pension plan benefit provisions are as follows:

Employees are eligible for normal retirement at age 55 with 25 years of continuous service and are entitled to a monthly pension 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. Payments continue after the member's death to the surviving spouse, or eligible child, equal to 50 percent of the monthly pension payable to the member at the time of death.

Employees are eligible for early retirement after 20 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

If an employee continues working after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

If an active member dies in the line of duty, the member's surviving spouse or eligible child will receive a monthly death benefit equal to 100 percent of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50 percent of the monthly pension benefit the member would have been receiving had he been retired at the time of death.

An active member is eligible for a monthly disability benefit if the member is disabled in the line of duty. The disability pension is equal to 50 percent of the member's monthly salary at the time of disability.



WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

Members' contributions are to be five percent of monthly regular salary, overtime, extra duty and longevity pay. Members' contributions are credited with 5.0 percent annual interest.

Basis of Accounting

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

Method Used to Value Investments

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 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.

Deposits and Investments

***Deposits***

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2008, the carrying amount of the Police Pension Plan's deposits was \$24,638, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

***Investments***

The Investment objective of the West Goshen Township Police Pension Plan is to maintain a balanced portfolio comprised of equity, fixed income and cash equivalent securities and, as such, is intended to be structured less aggressively than equity-oriented portfolios.

As of December 31, 2008, the Township Police Pension Plan had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Equity mutual funds	\$ 3,931,282	\$ 3,931,282
Fixed income funds	1,877,129	1,877,129
Unallocated insurance contract	807,170	807,170
Money market mutual fund	<u>59,357</u>	<u>59,357</u>
<b>TOTAL</b>	<b><u>\$ 6,674,938</u></b>	<b><u>\$ 6,674,938</u></b>

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

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 2008. 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.

Annual Pension Cost

The required contribution was determined as part of the January 1, 2007 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 basis. The remaining amortization period at December 31, 2008 was 7 years.

Three-Year Trend Information

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The three-year historical information required to be disclosed, beginning as of January 1, 2006 is as follows:

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)
1/1/06	*	*	*	*	*	*
1/1/07	\$7,735,661	\$8,369,244	92.4%	\$633,583	\$2,131,465	29.76%
1/1/08	*	*	*	*	*	*

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$375,796	100%
2007	\$380,134	100%
2008	\$317,189	100%

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 covering the Township's full-time administrative and road employees. 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 Vanguard National 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.

Plan Membership

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, the most recent actuarial date, disclosed that pension plan membership consisted of the following:

Active employees	43
Retirees and beneficiaries currently receiving benefits	8
Vested terminated members	<u>9</u>
Total	<u>60</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, disclosed that the pension plan benefit provisions are as follows:

Employees are eligible for normal retirement at age 65 with 10 years of service, or at age 60 with 20 years of service, and 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.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

Employees are eligible for early retirement at age 50 with 15 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

If an employee continues working after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

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.

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

Basis of Accounting

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

Method Used to Value Investments

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 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.

Deposits and Investments

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2008, the carrying amount of the Non-Uniformed Pension Plan's deposits was \$7,206, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

***Investments***

The investment objective of the West Goshen Township Non-Uniformed Pension Plan is to maintain a balanced portfolio comprised of equity, fixed income and cash equivalent securities and, as such, is intended to be structured less aggressively than equity-oriented portfolios.

As of December 31, 2008, the Township Non-Uniformed Pension Plan had the following investments:

	Fair Value	Less Than One Year
Equity mutual funds	\$ 1,904,998	\$ 1,904,998
Fixed income funds	451,739	451,739
Unallocated insurance contract	456,422	456,422
Money market mutual fund	32,927	32,927
TOTAL	\$ 2,846,086	\$ 2,846,086

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

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 not required to contribute to the plan during 2007. 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.

Annual Pension Cost

The required contribution was determined as part of the January 1, 2007 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.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

Three-Year Trend Information

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The three-year historical information required to be disclosed, beginning as of January 1, 2006 is as follows:

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)
1/1/06	*	*	*	*	*	*
1/1/07	\$3,338,214	\$3,135,654	106.5%	\$(202,560)	\$1,854,366	(10.9)%
1/1/08	*	*	*	*	*	*

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$210,308	100%
2007	\$211,794	100%
2008	\$166,814	100%

NOTE 10 SEWER PENSION PLAN

Plan description and provisions:

The West Goshen Township Sewer Pension Fund is a single-employer defined benefit pension plan covering the Township's full-time sewer employees. 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 Vanguard National 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 10 SEWER PENSION PLAN (cont'd)

Plan Membership

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, the most recent actuarial date, disclosed that pension plan membership consisted of the following:

Active employees	21
Retirees and beneficiaries currently receiving benefits	6
Vested terminated members	<u>3</u>
Total	<u>30</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2007, disclosed that the pension plan benefit provisions are as follows:

Employees are eligible for normal retirement at age 65 with 10 years of service, or at age 60 with 20 years of service, and 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.

Employees are eligible for early retirement at age 50 with 15 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

If an employee continues working after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

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.

Vesting starts at 50 percent in the fifth year, increasing 10 percent each year for five years, then to 100 percent after 10 years of service.

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.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Method Used to Value Investments

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 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.

Deposits and Investments

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2008, the carrying amount of the Sewer Pension Plan's deposits was \$5,854, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

*Investments*

The investment objective of the West Goshen Township Sewer Pension Plan is to maintain a balanced portfolio comprised of equity, fixed income and cash equivalent securities and, as such, is intended to be structured less aggressively than equity-oriented portfolios.

As of December 31, 2008, the Township Sewer Pension Plan had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Equity mutual funds	\$ 1,097,872	\$ 1,097,872
Fixed income funds	329,074	329,074
Unallocated insurance contract	416,657	416,657
Money market mutual fund	<u>17,880</u>	<u>17,880</u>
<b>TOTAL</b>	<b><u>\$ 1,861,483</u></b>	<b><u>\$ 1,861,483</u></b>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit or concentration risks because they are not evidenced by securities that exist in physical or book entry form.



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 (M.M.O.). The M.M.O. 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 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.

Annual Pension Cost

The required contribution was determined as part of the January 1, 2007 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, 2008 was seven years.

Three-Year Trend Information

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The three-year historical information required to be disclosed, beginning as of January 1, 2006 is as follows:

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)
1/1/06	*	*	*	*	*	*
1/1/07	\$2,118,752	\$2,365,063	89.6%	\$246,311	\$880,513	28.0%
1/1/08	*	*	*	*	*	*

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$144,776	100%
2007	\$148,467	100%
2008	\$130,534	100%

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, 2008, the carrying value of the escrow account is \$66,669.

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.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

*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.

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, 2005, 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.

Plan membership consisted of the following at January 1, 2005 (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	-	61

The Township's actual contributions for 2008, which were used to fund post-employment benefits, were \$61,476 for the Police Retirement Insurance Fund and \$92,344 for the Non-Uniformed Insurance Fund. Net assets available for payment of benefits at December 31, 2008 were \$683,930 for the Police Insurance Fund and \$770,988 for the Non-Uniformed Insurance Fund.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

Deposits and Investments

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2008, the carrying amount of the Police Retirement Insurance Fund's deposits was \$683,930 and the bank balance was \$693,451. All of the bank balance was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name. At December 31, 2008, the carrying amount of the Non-Uniformed Insurance Fund's deposits was \$770,988 and the bank balance was \$782,758. All of the bank balance was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name.

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.

The West Goshen Sewer Authority has been funding a legal effort to prevent the Environmental Protection Agency from adopting new nutrient discharge limitations. These limits will affect all stormwater and wastewater dischargers in Chester Creek, including the West Goshen Sewer Authority. The outcome of this effort could have a substantial impact on the future financial picture of the Authority since significant modifications to the sewage treatment plant may be necessary in the future.

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.

WEST GOSHEN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 15 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Township recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to the Township's Police, Non-Uniformed and Sewer Pension Funds on behalf of the Township's employees. In fiscal years 2008 and 2007, the State made contributions of \$340,937 and \$339,878, respectively. For the Police and Non-Uniformed Pension Funds, these contributions are recorded in the General Fund as revenue and expenditures. For the Sewer Pension Fund, these contributions are recorded in the Sewer Fund as revenue and expenses.

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2008:

**General Fund:**

*General government:*

Engineering \$ 49,687

*Public safety:*

Planning & Zoning \$ 26,965

**Capital Reserve Fund:**

*General government*

\$ 36,493

*Debt Service*

\$ 542

The excess expenditures were covered by the available fund balance in the funds.

NOTE 17 NEW STANDARD

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," which addresses how state and local governments should account for and report their costs and obligations related to post-employment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as "other post-employment benefits," or OPEB.

GASB Statement No. 45 ("GASB No. 45") generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

GASB No. 45 is effective in three phases based on a government's total annual revenues. The general provisions of GASB No. 45 must be implemented by the Township for the fiscal year ending December 31, 2009.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**WEST GOSHEN TOWNSHIP  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2008**

	Special Revenue Funds					Totals	
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Capital Projects Fund	2008	2007
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 525,948	\$ 4,763	\$ 187,403	\$ 119,858	\$ 54,150	\$ 892,122	\$ 816,116
<b>TOTAL ASSETS</b>	<u>\$ 525,948</u>	<u>\$ 4,763</u>	<u>\$ 187,403</u>	<u>\$ 119,858</u>	<u>\$ 54,150</u>	<u>\$ 892,122</u>	<u>\$ 816,116</u>
<b>LIABILITIES AND FUND BALANCE:</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 425,000	-	-	-	-	\$ 425,000	-
Total Liabilities	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,000</u>	<u>-</u>
<b>FUND BALANCE</b>							
Unreserved	100,948	4,763	187,403	119,858	54,150	467,122	816,116
Total Fund Balance	<u>100,948</u>	<u>4,763</u>	<u>187,403</u>	<u>119,858</u>	<u>54,150</u>	<u>467,122</u>	<u>816,116</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 525,948</u>	<u>\$ 4,763</u>	<u>\$ 187,403</u>	<u>\$ 119,858</u>	<u>\$ 54,150</u>	<u>\$ 892,122</u>	<u>\$ 816,116</u>

**WEST GOSHEN TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds					Totals		
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Hearing Board Fund	Zoning Fund	Capital Projects Fund	2008	2007
<b>REVENUES:</b>								
Interest and rent	\$ 14,457	\$ 124	\$ 4,465	\$ -	\$ -	\$ 1,142	\$ 20,188	\$ 24,109
Intergovernmental revenues	484,127	-	-	-	-	-	484,127	440,216
Charges for services	-	-	-	23,500	-	-	23,500	17,000
Contributions	-	-	45,000	-	-	-	45,000	47,500
Miscellaneous	-	-	60	-	-	-	60	-
<b>TOTAL REVENUES</b>	<u>498,584</u>	<u>124</u>	<u>49,525</u>	<u>23,500</u>	<u>23,500</u>	<u>1,142</u>	<u>572,875</u>	<u>528,825</u>
<b>EXPENDITURES:</b>								
Public works - highways and streets	921,842	-	-	-	-	-	921,842	50,001
Miscellaneous	-	-	27	-	-	-	27	27
<b>Total Expenditures</b>	<u>921,842</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>921,869</u>	<u>50,028</u>
<b>NET CHANGES IN FUND BALANCES</b>	(423,258)	124	49,498	23,500	23,500	1,142	(348,994)	478,797
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>524,206</u>	<u>4,639</u>	<u>137,905</u>	<u>96,358</u>	<u>53,008</u>	<u>53,008</u>	<u>816,116</u>	<u>337,319</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 100,948</u>	<u>\$ 4,763</u>	<u>\$ 187,403</u>	<u>\$ 119,858</u>	<u>\$ 54,150</u>	<u>\$ 54,150</u>	<u>\$ 467,122</u>	<u>\$ 816,116</u>



**WEST GOSHEN TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - CAPITAL RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest earnings	\$ 260,000	\$ 160,301	\$ (99,699)
TOTAL REVENUES	<u>260,000</u>	<u>160,301</u>	<u>(99,699)</u>
EXPENDITURES:			
General government	66,000	102,493	(36,493)
Public works - highways and streets	1,719,673	827,347	892,326
Culture and recreation	61,500	40,326	21,174
Debt service:			
Principal	625,000	625,000	-
Interest	<u>227,576</u>	<u>228,118</u>	<u>(542)</u>
TOTAL EXPENDITURES	<u>2,699,749</u>	<u>1,823,284</u>	<u>876,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,439,749)</u>	<u>(1,662,983)</u>	<u>776,766</u>
OTHER FINANCING SOURCES (USES):			
Interfund transfers	<u>1,542,965</u>	<u>924,862</u>	<u>(618,103)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,542,965</u>	<u>924,862</u>	<u>(618,103)</u>
NET CHANGES IN FUND BALANCES	(896,784)	(738,121)	158,663
FUND BALANCE, BEGINNING OF YEAR	<u>7,074,261</u>	<u>7,074,261</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,177,477</u>	<u>\$ 6,336,140</u>	<u>\$ 158,663</u>

**WEST GOSHEN TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE -  
NONMAJOR GOVERNMENTAL FUND TYPE - STATE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Interest earnings	\$ 23,000	\$ 14,457	\$ (8,543)
State grants	<u>480,732</u>	<u>484,127</u>	<u>3,395</u>
TOTAL REVENUES	<u>503,732</u>	<u>498,584</u>	<u>(5,148)</u>
EXPENDITURES:			
Public works - highways and streets	<u>927,000</u>	<u>921,842</u>	<u>5,158</u>
TOTAL EXPENDITURES	<u>927,000</u>	<u>921,842</u>	<u>5,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(423,268)</u>	<u>(423,258)</u>	<u>10</u>
NET CHANGES IN FUND BALANCES	(423,268)	(423,258)	10
FUND BALANCE, BEGINNING OF YEAR	<u>524,753</u>	<u>524,206</u>	<u>(547)</u>
FUND BALANCE, END OF YEAR	<u>\$ 101,485</u>	<u>\$ 100,948</u>	<u>\$ (537)</u>

**WEST GOSHEN TOWNSHIP  
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund	Police Pension Fund	Non- Uniformed Pension Fund	Sewer Pension Fund	Totals
	2008	2008	2008	2008	2008	2007
<u>ASSETS</u>						
Cash and cash equivalents	\$ 683,930	\$ 770,988	\$ 24,638	\$ 7,206	\$ 5,854	\$ 1,953,239
Insurance contracts, at contract value	-	-	807,170	456,422	416,657	1,764,262
Investments, at market value - mutual funds	-	-	5,867,768	2,389,664	1,444,826	12,058,401
<b>TOTAL ASSETS</b>	<u>\$ 683,930</u>	<u>\$ 770,988</u>	<u>\$ 6,699,576</u>	<u>\$ 2,853,292</u>	<u>\$ 1,867,337</u>	<u>\$ 15,775,902</u>
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS:						
ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>683,930</u>	<u>770,988</u>	<u>6,699,576</u>	<u>2,853,292</u>	<u>1,867,337</u>	<u>15,775,902</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 683,930</u>	<u>\$ 770,988</u>	<u>\$ 6,699,576</u>	<u>\$ 2,853,292</u>	<u>\$ 1,867,337</u>	<u>\$ 15,775,902</u>

**WEST GOSHEN TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals
	2008	2007	2008	2007	2008	2007
<b>ADDITIONS AND INVESTMENT LOSSES</b>						
Contributions:						
State aid	\$ -	\$ -	\$ 175,972	\$ 92,546	\$ 72,419	\$ 340,937
Employer contribution	61,476	92,344	141,217	74,268	58,115	427,420
Employee contribution	-	-	112,853	-	-	112,853
Total Contributions	<u>61,476</u>	<u>92,344</u>	<u>430,042</u>	<u>166,814</u>	<u>130,534</u>	<u>881,210</u>
Investment income (loss):						
Net increase (decrease) in fair value of investments	-	-	(2,136,556)	(991,852)	(596,885)	(3,725,293)
Interest	16,569	18,063	270,426	118,270	75,560	498,888
Net Investment Income (Loss)	<u>16,569</u>	<u>18,063</u>	<u>(1,866,130)</u>	<u>(873,582)</u>	<u>(521,325)</u>	<u>(3,226,405)</u>
<b>TOTAL ADDITIONS AND INVESTMENT LOSSES</b>	<u>78,045</u>	<u>110,407</u>	<u>(1,436,088)</u>	<u>(706,768)</u>	<u>(390,791)</u>	<u>(2,345,195)</u>
<b>DEDUCTIONS</b>						
Benefits paid	-	-	274,784	100,112	65,486	440,382
Administrative expenses	-	-	18,909	10,263	8,603	37,775
Other expenses	9,521	11,770	41,097	10,796	4,243	77,427
TOTAL DEDUCTIONS	<u>9,521</u>	<u>11,770</u>	<u>334,790</u>	<u>121,171</u>	<u>78,332</u>	<u>555,584</u>
<b>CHANGE IN PLAN ASSETS</b>	<u>68,524</u>	<u>98,637</u>	<u>(1,770,878)</u>	<u>(827,939)</u>	<u>(469,123)</u>	<u>(2,900,779)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>615,406</u>	<u>672,351</u>	<u>8,470,454</u>	<u>3,681,231</u>	<u>2,336,460</u>	<u>15,775,902</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 683,930</u>	<u>\$ 770,988</u>	<u>\$ 6,699,576</u>	<u>\$ 2,853,292</u>	<u>\$ 1,867,337</u>	<u>\$ 12,875,123</u>
						<u>\$ 15,775,902</u>

**WEST GOSHEN TOWNSHIP**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 66,709	\$ 167	\$ (207)	\$ 66,669
<b>TOTAL ASSETS</b>	<u>\$ 66,709</u>	<u>\$ 167</u>	<u>\$ (207)</u>	<u>\$ 66,669</u>
<b>LIABILITIES</b>				
Escrow deposits	\$ 66,709	\$ 167	\$ (207)	\$ 66,669
<b>TOTAL LIABILITIES</b>	<u>\$ 66,709</u>	<u>\$ 167</u>	<u>\$ (207)</u>	<u>\$ 66,669</u>

## **STATISTICAL INFORMATION**

**West Goshen Township**  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 6,845,656	\$ 7,177,865	\$ 29,362,825 <sup>1</sup>	\$ 29,291,900	\$ 30,458,442	\$ 29,894,890	\$ 29,891,898
Restricted	3,402,147	4,601,458	4,912,249	5,206,353	4,914,618	7,074,261	6,336,140
Unrestricted	6,522,056	5,862,544	6,800,461	7,621,651	9,811,142	11,555,617	10,932,256
<b>Total governmental activities net assets</b>	<b>\$ 16,769,859</b>	<b>\$ 17,641,867</b>	<b>\$ 41,075,535</b>	<b>\$ 42,119,904</b>	<b>\$ 45,184,202</b>	<b>\$ 48,524,768</b>	<b>\$ 47,160,294</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 12,865,122	\$ 12,570,041	\$ 12,890,021	\$ 13,432,273	\$ 13,794,285	\$ 14,437,864	\$ 14,747,693
Restricted	7,878,389	7,931,475	7,711,315	9,151,259	9,288,289	9,930,033	10,201,477
Unrestricted	6,327,851	6,886,883	6,779,101	5,373,688	5,148,304	4,342,442	2,833,025
<b>Total business-type activities net assets</b>	<b>\$ 27,071,362</b>	<b>\$ 27,388,399</b>	<b>\$ 27,380,437</b>	<b>\$ 27,957,220</b>	<b>\$ 28,230,878</b>	<b>\$ 28,710,339</b>	<b>\$ 27,782,195</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 19,710,778	\$ 19,747,906	\$ 42,252,846	\$ 42,724,173	\$ 44,252,727	\$ 44,332,754	\$ 44,639,591
Restricted	11,280,536	12,532,933	12,623,564	14,357,612	14,202,907	17,004,294	16,537,617
Unrestricted	12,849,907	12,749,427	13,579,562	12,995,339	14,959,446	15,898,059	13,765,281
<b>Total primary government net assets</b>	<b>\$ 43,841,221</b>	<b>\$ 45,030,266</b>	<b>\$ 68,455,972</b>	<b>\$ 70,077,124</b>	<b>\$ 73,415,080</b>	<b>\$ 77,235,107</b>	<b>\$ 74,942,489</b>

**Notes:**

Seventh full year of full-accrual basis accounting.

Prior year statistics are not available.

<sup>1</sup> First year valuation of infrastructure incorporated in the year 2004.

**West Goshen Township  
Changes in Net Assets  
Last Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
Governmental activities:							
General Government	\$ 1,555,814	\$ 1,686,167	\$ 1,669,859	\$ 1,645,510	\$ 1,786,077	\$ 1,801,333	\$ 1,962,787
Public Safety	3,848,571	4,217,326	4,481,480	4,880,795	4,875,689	5,030,088	5,392,394
Public Works - highways and streets	1,161,725	1,203,438	2,556,659 <sup>1</sup>	2,293,828	3,564,444	2,508,014	4,476,834
Other Public Works	96,828	110,063	135,560	114,056	128,088	161,236	169,750
Library	5,250	5,000	5,000	5,000	2,500	-	-
Culture and Recreation	875,077	853,745	924,619	944,821	974,352	1,138,543	1,172,675
Interest Expense	312,537	298,320	289,813	296,603	285,034	259,426	228,118
Total governmental activities expenses	7,855,802	8,374,059	10,062,990	10,180,613	11,616,184	10,898,640	13,402,558
Business-type activities:							
Sewer Operations	3,218,839	3,797,503	3,709,370	3,629,272	3,832,230	3,946,488	4,099,172
Waste and Recycling	1,240,565	1,342,917	1,368,059	1,384,567	1,513,684	1,866,119	2,248,783
Total business-type activities expenses	4,459,404	5,140,420	5,077,429	5,013,839	5,345,914	5,812,607	6,347,955
Total Primary Government Expenses	\$ 12,315,206	\$ 13,514,479	\$ 15,140,419	\$ 15,194,452	\$ 16,962,098	\$ 16,711,247	\$ 19,750,513
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General Government	\$ 47,686	\$ 56,340	\$ 54,377	\$ 84,648	\$ 59,730	\$ 46,597	\$ 50,765
Public Safety	428,825	411,057	461,000	449,618	571,772	666,253	656,706
Culture and Recreation	183,887	166,835	103,152	72,081	156,726	127,436	120,724
Operating Grants and Contributions	765,037	861,059	799,994	851,335	900,305	932,610	977,851
Capital Grants and Contributions	526,850	74,841	40,000	187,413	403,396	740,071	130,030
Total governmental activities program revenues	1,952,285	1,570,132	1,458,523	1,645,095	2,091,929	2,512,967	1,936,076
Business-type activities:							
Charges for services:							
Sewer Operations	3,300,360	3,591,812	3,248,029	3,307,995	3,742,250	3,523,981	3,533,792
Waste and Recycling	1,318,833	1,346,757	1,358,002	1,365,572	1,370,204	1,377,304	1,394,321
Operating Grants and Contributions	145,069	134,824	246,287 <sup>2</sup>	108,451	134,571	139,267	136,321
Capital Grants and Contributions	401,655	71,540	-	424,427 <sup>4</sup>	245,954	-	98,854
Total business-type activities program revenues	5,165,917	5,144,933	4,852,318	5,206,445	5,492,979	5,040,552	5,163,288
Total Primary Government Program Revenues	\$ 7,118,202	\$ 6,715,065	\$ 6,310,841	\$ 6,851,540	\$ 7,584,908	\$ 7,553,519	\$ 7,099,364



	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net (expense)/revenue	\$ (5,903,517)	\$ (6,803,927)	\$ (8,604,467)	\$ (8,535,518)	\$ (9,524,255)	\$ (8,385,673)	\$ (11,466,482)
Governmental activities	706,513	4,513	(225,111)	192,606	147,065	(772,055)	(1,184,667)
Business-type activities	<u>\$ (5,197,004)</u>	<u>\$ (6,799,414)</u>	<u>\$ (8,829,578)</u>	<u>\$ (8,342,912)</u>	<u>\$ (9,377,190)</u>	<u>\$ (9,157,728)</u>	<u>\$ (12,651,149)</u>
Total primary government net expense							

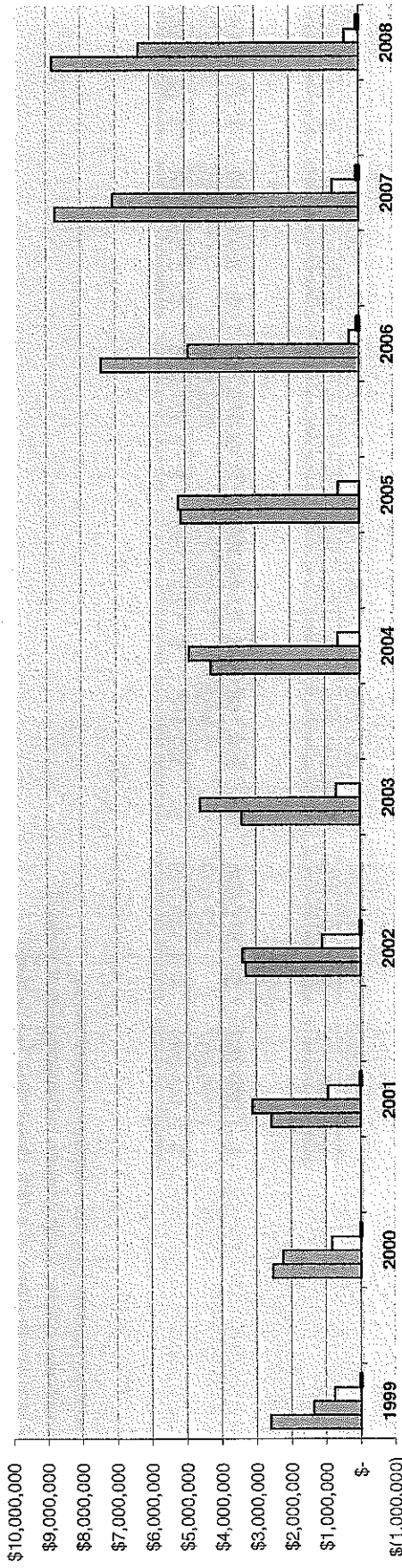
### General Revenues and Other Changes in Net Assets

	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Taxes							
Real estate taxes	\$ 1,410,361	\$ 1,402,116	\$ 2,481,655 <sup>3</sup>	\$ 2,523,930	\$ 2,554,040	\$ 2,551,015	\$ 2,590,007
Real estate transfer taxes	786,958	807,367	921,849	744,094	783,750	861,761	564,294
Earned income taxes	5,228,193	5,071,263	5,113,634	5,632,133	6,708,791	6,530,198	5,386,742
Emergency Municipal Services Tax	-	-	-	-	942,371	1,197,356	812,406
Franchise fees	214,797	239,504	245,451	260,776	283,398	314,316	335,119
Investment earnings	165,213	106,601	145,472	360,705	627,618	718,742	392,927
Unrestricted grants and contributions	14,294	16,509	13,984	17,538	18,225	20,357	19,031
Gain (Loss) on sale of capital assets							(13,328)
Miscellaneous	23,463	32,575	42,570	40,711	79,360	21,448	14,810
Total governmental activities	<u>7,843,279</u>	<u>7,675,935</u>	<u>8,964,615</u>	<u>9,579,887</u>	<u>11,997,553</u>	<u>12,317,239</u>	<u>10,102,008</u>
Business-type activities:							
Investment earnings	453,061	263,501	179,542	346,754	659,514	660,865	256,523
Miscellaneous	50,033	49,023	37,607	37,423	58,079	(349)	-
Total business-type activities	<u>503,094</u>	<u>312,524</u>	<u>217,149</u>	<u>384,177</u>	<u>717,593</u>	<u>660,516</u>	<u>256,523</u>
Total primary government	<u>\$ 8,346,373</u>	<u>\$ 7,988,459</u>	<u>\$ 9,181,764</u>	<u>\$ 9,964,064</u>	<u>\$ 12,715,146</u>	<u>\$ 12,977,755</u>	<u>\$ 10,358,531</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 1,939,762	\$ 872,008	\$ 360,148	\$ 1,044,369	\$ 2,473,298	\$ 3,931,566	\$ (1,364,474)
Business-type activities	1,209,607	317,037	(7,962)	576,783	864,658	(111,539)	(928,144)
Total primary government	<u>\$ 3,149,369</u>	<u>\$ 1,189,045</u>	<u>\$ 352,186</u>	<u>\$ 1,621,152</u>	<u>\$ 3,337,956</u>	<u>\$ 3,820,027</u>	<u>\$ (2,292,618)</u>

#### Notes:

- <sup>1</sup> The increase reflects depreciation expense from the valuation of infrastructure.
- <sup>2</sup> The increase from the prior year was caused by an increase in Recycling Grant revenue.
- <sup>3</sup> The increase from the prior year was the result of a 76% Real Estate Tax increase.
- <sup>4</sup> Dedication of sanitary sewer lines from the Wiltshire and Westtown Chase developments to the Sewer Authority. Seventh full year of full-accrual basis accounting. Prior year statistics are not available.

**West Goshen Township  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**



General fund  
  Capital Reserve Fund  
  Special revenue funds  
  Capital projects fund

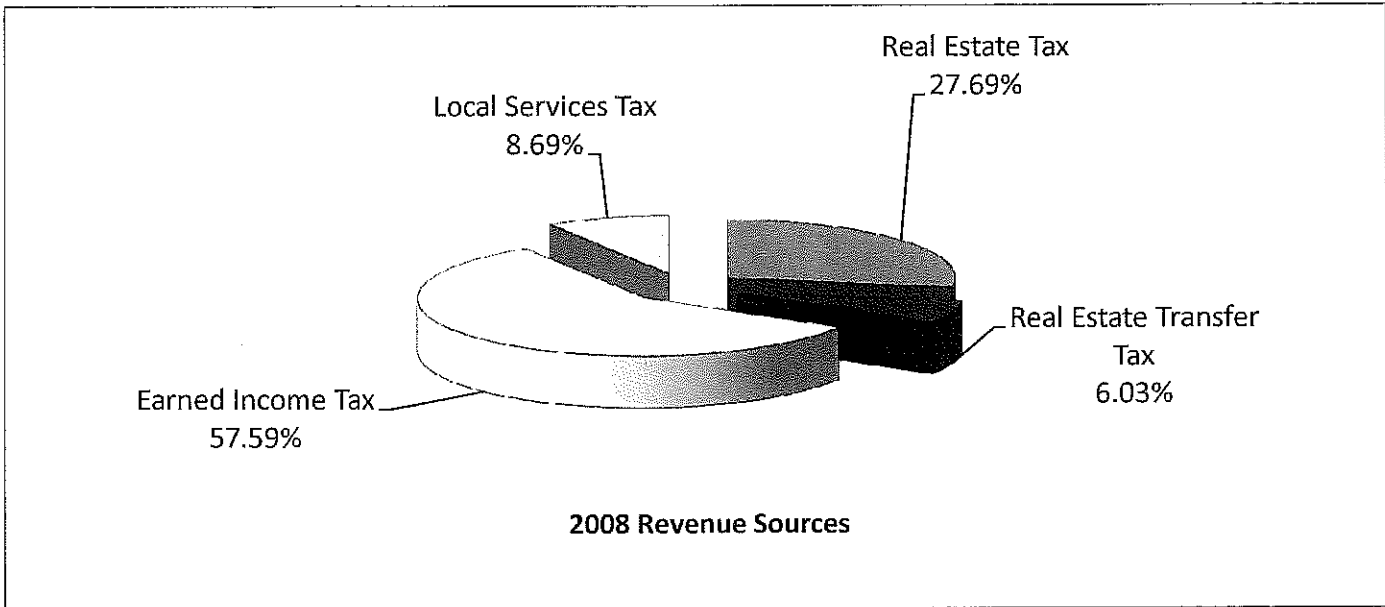
**Fiscal Year**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,601,685	2,530,597	2,579,729	3,300,757	3,405,106	4,292,181	5,127,853	7,415,233	8,748,955	8,830,627
<b>Total general fund</b>	<u>\$ 2,601,685</u>	<u>\$ 2,530,597</u>	<u>\$ 2,579,729</u>	<u>\$ 3,300,757</u>	<u>\$ 3,405,106</u>	<u>\$ 4,292,181</u>	<u>\$ 5,127,853</u>	<u>\$ 7,415,233</u>	<u>\$ 8,748,955</u>	<u>\$ 8,830,627</u>
<b>All other governmental funds</b>										
Reserved - Capital Reserve Fund	\$ 1,370,634	\$ 2,242,594	\$ 3,121,816	\$ 3,402,147	\$ 4,601,172	\$ 4,912,249	\$ 5,206,363	\$ 4,914,618	\$ 7,074,261	\$ 6,336,140
Unreserved, reported in:										
Special revenue funds	762,383	843,159	949,567	1,108,966	688,940	642,688	605,133	286,668	763,108	412,972
Capital projects fund	(286)	(286)	(286)	(286)	-	-	-	50,651	53,008	54,150
<b>Total all other governmental funds</b>	<u>\$ 2,132,731</u>	<u>\$ 3,085,467</u>	<u>\$ 4,071,097</u>	<u>\$ 4,510,827</u>	<u>\$ 5,290,112</u>	<u>\$ 5,554,937</u>	<u>\$ 5,811,486</u>	<u>\$ 5,251,937</u>	<u>\$ 7,890,377</u>	<u>\$ 6,803,262</u>

**West Goshen Township**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 5,542,439	\$ 6,304,170	\$ 6,629,442	\$ 7,272,386	\$ 7,385,577	\$ 8,392,462	\$ 8,856,569	\$ 10,819,333	\$ 11,258,617	\$ 9,673,968
Licenses and permits	126,980	141,097	294,757	219,950	243,859	273,814	266,385	288,043	318,926	343,409
Fines, forfeits and costs	183,085	213,787	190,680	187,112	152,729	180,887	181,130	212,941	243,004	231,412
Investment earnings	364,175	366,426	279,155	177,501	118,727	156,984	388,986	660,280	750,290	430,097
Intergovernmental revenues	659,926	673,151	697,907	759,700	952,408	853,978	917,001	1,143,530	952,967	996,882
Charges for services/fees	288,143	347,598	313,302	320,845	351,463	340,268	378,827	455,480	513,624	506,323
Contributions	243,306	47,090	26,177	135,000	113,560	57,500	12,500	82,500	47,500	45,000
Miscellaneous revenue/other				23,463	33,753	31,718	20,804	18,420	102,046	14,810
<b>Total Revenue</b>	<b>7,720,882</b>	<b>8,265,313</b>	<b>8,508,920</b>	<b>9,095,957</b>	<b>9,352,076</b>	<b>10,287,631</b>	<b>11,022,202</b>	<b>13,680,527</b>	<b>14,186,974</b>	<b>12,241,999</b>
<b>Expenditures</b>										
General government	730,833	876,714	1,097,701	1,386,408	1,550,790	1,582,454	1,680,525	1,662,389	1,749,317	1,930,128
Public safety	2,812,791	3,075,046	3,495,538	3,816,987	4,030,854	4,416,172	4,839,827	4,832,442	4,974,334	5,334,067
Public works - highways and streets	774,146	934,985	943,540	618,378	1,130,538	1,359,534	1,455,812	2,859,642	1,340,066	3,805,067
Other public works	57,299	64,523	96,498	96,828	110,063	133,130	114,056	150,047	168,736	169,750
Library	4,000	5,250	5,250	5,250	5,000	5,000	5,000	2,500	-	-
Culture and recreation	542,053	732,637	660,295	759,634	775,966	858,351	1,087,112	1,813,080	1,028,470	1,057,111
Insurance/employee benefits/payroll taxes	255,009	329,902	436,642	-	-	-	-	-	-	-
Capital outlay	6,103,248	482,466	-	459,518	158,976	-	-	-	-	-
Miscellaneous expenditures	14,177	82,544	21,660	27,655	27	27	27	27	27	27
Debt service										
Principal	669,000	400,000	423,000	481,719	517,759	563,267	641,163	725,416	744,525	724,315
Interest and other charges	333,744	399,598	354,973	312,537	298,320	289,813	296,603	285,034	259,426	228,118
<b>Total expenditures</b>	<b>12,296,300</b>	<b>7,383,665</b>	<b>7,535,097</b>	<b>7,964,914</b>	<b>8,578,293</b>	<b>9,207,748</b>	<b>10,120,125</b>	<b>12,330,577</b>	<b>10,264,901</b>	<b>13,248,603</b>
Excess of revenues over (under) expenditures	(4,575,418)	881,648	973,823	1,131,043	773,783	1,079,883	902,077	1,349,950	3,922,073	(1,006,704)
<b>Other financing sources (uses)</b>										
Transfers in	1,685,590	2,324,292	1,561,959	1,072,126	2,159,012	1,113,231	1,354,962	1,440,070	2,839,719	924,862
Transfers out	(1,685,590)	(2,324,292)	(1,561,959)	(1,072,126)	(2,159,012)	(1,113,231)	(1,354,962)	(1,440,070)	(2,839,719)	(924,862)
Proceeds from capital leases	-	-	-	29,715	104,907	57,127	170,835	336,506	50,089	(2,739)
Sales of capital assets	-	-	-	4,944	4,944	14,890	19,309	41,375	-	4,000
Total other financing sources (uses)	-	-	-	29,715	109,851	72,017	190,144	377,881	50,089	1,261
<b>Net change in fund balances</b>	<b>\$(4,575,418)</b>	<b>\$ 881,648</b>	<b>\$ 973,823</b>	<b>\$ 1,160,758</b>	<b>\$ 883,634</b>	<b>\$ 1,151,900</b>	<b>\$ 1,092,221</b>	<b>\$ 1,727,831</b>	<b>\$ 3,972,162</b>	<b>\$(1,005,443)</b>
Debt service as a percentage of noncapital expenditures	10.8%	5.8%	5.6%	6.4%	6.1%	6.1%	6.3%	5.9%	7.3%	5.5%

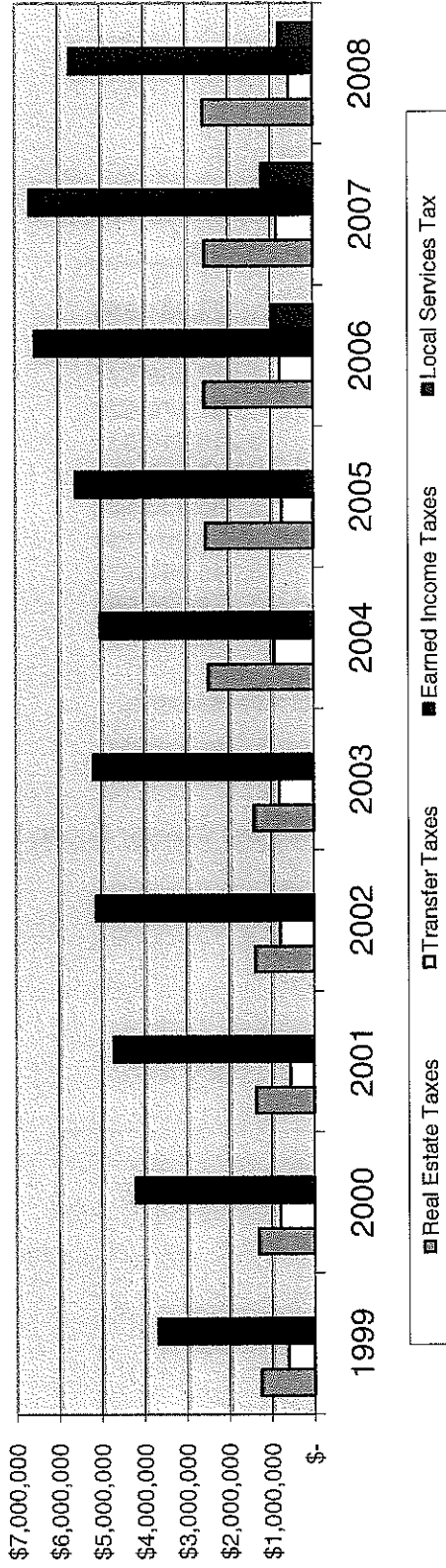
**West Goshen Township  
Governmental Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)**



<b>Fiscal Year</b>	<b>Real Estate Tax</b>	<b>Real Estate Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Local Services Tax</b>	<b>Total</b>
1999	1,255,030	612,024	3,675,385	-	\$ 5,542,439
<i>% of total</i>	22.64%	11.04%	66.31%		100.00%
2000	1,306,588	797,793	4,199,789	-	\$ 6,304,170
<i>% of total</i>	20.73%	12.66%	66.62%		100.00%
2001	1,356,405	565,623	4,707,414	-	\$ 6,629,442
<i>% of total</i>	20.46%	8.53%	71.01%		100.00%
2002	1,410,361	786,958	5,228,193	-	\$ 7,425,512
<i>% of total</i>	18.99%	10.60%	70.41%		100.00%
2003	1,402,116	807,367	5,071,263	-	\$ 7,280,746
<i>% of total</i>	19.26%	11.09%	69.65%		100.00%
2004	2,481,655	921,849	5,113,634	-	\$ 8,517,138
<i>% of total</i>	29.14%	10.82%	60.04%		100.00%
2005	2,523,930	744,094	5,632,133	-	\$ 8,900,157
<i>% of total</i>	28.36%	8.36%	63.28%		100.00%
2006	2,554,040	783,750	6,708,791	942,371	\$ 10,988,952
<i>% of total</i>	23.24%	7.13%	61.05%	8.58%	100.00%
2007	2,551,015	861,761	6,530,198	1,197,356	\$ 11,140,330
<i>% of total</i>	22.90%	7.74%	58.62%	10.75%	100.00%
2008	2,590,007	564,294	5,386,742	812,406	\$ 9,353,449
<i>% of total</i>	27.69%	6.03%	57.59%	8.69%	100.00%

Notes:  
 Seventh year of full-accrual basis accounting.  
 Prior years statistics are not available.  
 Emergency Municipal Services Tax enacted on 1/1/2006 and further enacted by Act 7 of 2007 as Local Services Tax, effective 1/1/2008.

**West Goshen Township  
General Governmental Tax Revenues By Source  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)**



Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Earned Income Taxes	Local Services Tax	Total
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
2004	\$ 2,466,999	\$ 921,849	\$ 5,003,634	\$ -	\$ 8,392,482
2005	\$ 2,524,343	\$ 744,094	\$ 5,588,133	\$ -	\$ 8,856,570
2006	\$ 2,560,421	\$ 783,750	\$ 6,532,791	\$ 942,371 <sup>2</sup>	\$ 10,819,335
2007	\$ 2,544,302	\$ 861,761	\$ 6,655,198	\$ 1,197,356	\$ 11,258,617
2008	\$ 2,577,524	\$ 564,294	\$ 5,719,742	\$ 812,406	\$ 9,673,966

Notes:

<sup>1</sup> Tax increase of 76% over prior year.

<sup>2</sup> Emergency Municipal Services Tax enacted 1/1/2006 and further enacted by Act 7 of 2007 as Local Services Tax, effective 1/1/08.

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

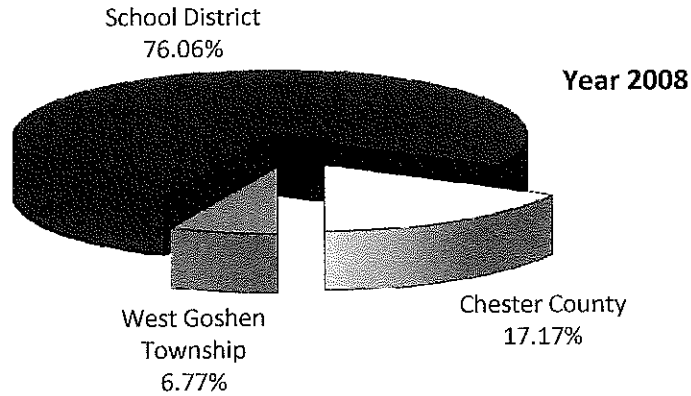
<u>Fiscal Year</u>	<u>Real Estate Assessed Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>	<u>Estimated Actual Value <sup>1</sup></u>	<u>Real Estate Millage Rate</u>
1999	\$ 1,611,198,090	93.46%	\$ 1,723,981,956	0.85
2000	\$ 1,496,154,060	90.09%	\$ 1,660,731,007	0.85
2001	\$ 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
2004 <sup>2</sup>	\$ 1,663,883,667	60.61%	\$ 2,745,408,051	1.50
2005	\$ 1,686,941,565	60.61%	\$ 2,783,453,582	1.50
2006	\$ 1,720,874,612	54.95%	\$ 3,131,991,794	1.50
2007	\$ 1,732,148,172	51.81%	\$ 3,343,045,972	1.50
2008	\$ 1,747,526,471	51.81%	\$ 3,372,726,089	1.50

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

Note (2) Real Estate tax increase of 76% over prior year.

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

**West Goshen Township  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>West Goshen Township</u>	<u>School District</u>	<u>Chester County</u>	<u>Total Millage</u>
1999	0.850	11.060	2.348	14.258
<i>Percent of total</i>	<i>5.96%</i>	<i>77.57%</i>	<i>16.47%</i>	<i>100.00%</i>
2000	0.850	11.380	3.014	15.244
<i>Percent of total</i>	<i>5.58%</i>	<i>74.65%</i>	<i>19.77%</i>	<i>100.00%</i>
2001	0.850	11.630	3.103	15.583
<i>Percent of total</i>	<i>5.45%</i>	<i>74.63%</i>	<i>19.91%</i>	<i>100.00%</i>
2002	0.850	12.110	3.178	16.138
<i>Percent of total</i>	<i>5.27%</i>	<i>75.04%</i>	<i>19.69%</i>	<i>100.00%</i>
2003	0.850	12.590	3.273	16.713
<i>Percent of total</i>	<i>5.09%</i>	<i>75.33%</i>	<i>19.58%</i>	<i>100.00%</i>
2004	1.500	13.550	3.414	18.464
<i>Percent of total</i>	<i>8.12%</i>	<i>73.39%</i>	<i>18.49%</i>	<i>100.00%</i>
2005	1.500	14.320	3.558	19.378
<i>Percent of total</i>	<i>7.74%</i>	<i>73.90%</i>	<i>18.36%</i>	<i>100.00%</i>
2006	1.500	15.160	3.699	20.359
<i>Percent of total</i>	<i>7.37%</i>	<i>74.46%</i>	<i>18.17%</i>	<i>100.00%</i>
2007	1.500	15.7900	3.804	21.094
<i>Percent of total</i>	<i>7.11%</i>	<i>74.86%</i>	<i>18.03%</i>	<i>100.00%</i>
2008	1.500	16.8500	3.804	22.154
<i>Percent of total</i>	<i>6.77%</i>	<i>76.06%</i>	<i>17.17%</i>	<i>100.00%</i>

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 Property Taxpayers  
December 31, 2008**

Taxpayer	2008			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QVC Realty, Inc	\$ 48,669,780	1	2.81%	\$ 48,371,130	1	2.79%
Home Properties Golf Club, LLC	\$ 14,780,750	2	0.85%	\$ 14,780,750	2	0.85%
Goshen Terrace Apartments	\$ 14,198,300	3	0.82%	\$ 14,198,300	3	0.82%
Capital Enterprises, Inc	\$ 13,832,000	4	0.80%	\$ 13,832,000	4	0.80%
Fern Hill LLC	\$ 12,706,870	5	0.73%	\$ 12,706,870	5	0.73%
Cephalon, Inc.	\$ 9,411,460	6	0.54%	\$ 9,411,460	6	0.54%
Cambridge Apartments	\$ 7,948,790	7	0.46%	\$ 7,948,790	7	0.46%
TGM Halstead LLC	\$ 7,454,310	8	0.43%	\$ 7,454,310	8	0.43%
Pyle Corporation	\$ 7,336,950	9	0.42%	\$ 7,336,950	9	0.42%
Turks Head Health Services, Inc.	\$ 6,799,320	10	0.39%	\$ 6,799,320	10	0.39%
	<u>\$ 143,138,530</u>		<u>8.19%</u>	<u>\$ 142,839,880</u>		<u>8.25%</u>

Note: Total taxable assessed value, all real property in West Goshen Township, December 31, 2008, \$1,747,526,471.

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



**West Goshen Township  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 1,369,518	\$ 1,232,877	90.02%	\$ 22,153	\$ 1,255,030	91.64%
2000	\$ 1,271,731	\$ 1,282,083	100.81%	\$ 24,505	\$ 1,306,588	102.74%
2001	\$ 1,323,943	\$ 1,333,601	100.73%	\$ 22,804	\$ 1,356,405	102.45%
2002	\$ 1,368,700	\$ 1,350,665	98.68%	\$ 24,226	\$ 1,374,891	100.45%
2003	\$ 1,419,530	\$ 1,369,537	96.48%	\$ 27,410	\$ 1,396,947	98.41%
2004	\$ 2,527,722	\$ 2,441,287	96.58%	\$ 25,712	\$ 2,466,999	97.60%
2005	\$ 2,530,429	\$ 2,493,327	98.53%	\$ 31,016	\$ 2,524,343	99.76%
2006	\$ 2,565,346	\$ 2,522,936	98.35%	\$ 37,484	\$ 2,560,420	99.81%
2007	\$ 2,582,711	\$ 2,508,145	97.11%	\$ 36,157	\$ 2,544,302	98.51%
2008	\$ 2,625,094	\$ 2,536,749	96.63%	\$ 40,775	\$ 2,577,524	98.19%

**West Goshen Township  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Debt</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1999	19,993	\$ 1,611,198,090	\$ 8,646,000	\$ -	\$ 8,646,000	0.54%	\$ 432
2000	20,495	\$ 1,496,154,060	\$ 8,246,000	\$ -	\$ 8,246,000	0.55%	\$ 402
2001	20,727	\$ 1,557,579,980	\$ 7,823,000	\$ -	\$ 7,823,000	0.50%	\$ 377
2002	20,876	\$ 1,610,621,475	\$ 7,376,000	\$ 19,246	\$ 7,395,246	0.46%	\$ 354
2003	21,017	\$ 1,662,970,630	\$ 6,904,000	\$ 78,394	\$ 6,982,394	0.42%	\$ 332
2004	21,144	\$ 1,663,883,667	\$ 6,404,000	\$ 72,254	\$ 6,476,254	0.39%	\$ 306
2005	21,138	\$ 1,686,941,565	\$ 5,876,000	\$ 129,926	\$ 6,005,926	0.36%	\$ 284
2006	21,168	\$ 1,720,874,612	\$ 5,317,000	\$ 300,016	\$ 5,617,016	0.33%	\$ 265
2007	21,140	\$ 1,732,148,172	\$ 4,726,000	\$ 196,578	\$ 4,922,578	0.28%	\$ 233
2008	21,162	\$ 1,747,526,471	\$ 4,101,000	\$ 94,526	\$ 4,195,526	0.24%	\$ 198

Note: US Census Bureau 2008 population estimate not yet available. Projection established using 10-year trend.

Sources: US Census Bureau Population Estimates Program (1999 and 2001-2007) and Census 2000.  
Chester County Board of Assessments.  
West Goshen Township Annual financial statements.

**West Goshen Township  
Direct and Overlapping Governmental Activities Debt  
as of December 31, 2008**

<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	\$ 4,101,000	100.00%	\$ 4,101,000
OVERLAPPING DEBT:			
County of Chester	\$ 474,464,000 <sup>1</sup>	4.94%	<u>\$ 23,417,953</u>
TOTAL			<u><u>\$ 27,518,953</u></u>

Note:

<sup>1</sup> County of Chester data not yet available for 2008, amount reflects 2007 gross bonded debt. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**West Goshen Township  
Computation of Borrowing Capacity <sup>1</sup>  
December 31, 2008**

	Year Ended December 31,		
	2008	2007	2006
Total Revenues	\$ 18,644,127	\$ 21,578,509	\$ 21,774,046
Deduct excludable items under Section 8002©(16) of the Act:			
Nonrecurring items:			
Grants and gifts in aid	699,441	650,878	624,795
Proceeds from general long-term debt	4,000	50,089	377,881
Total Revenues as Defined in Section 8002©(16) of the Act	\$ 17,940,686	\$ 20,877,542	\$ 20,771,370
Total Revenues as Defined in Section 8002[c][16] of the Act for the three years ended December 31, 2008			\$ 59,589,598
Borrowing Base - Arithmetic Average of Total Revenues			\$ 19,863,199
Debt Limit			250%
Debt Limitation			\$ 49,657,998

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

West Goshen Township  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 178,202	\$ 167,662	\$ 175,353	\$ 181,622	\$ 187,822	\$ 188,425	\$ 191,549	\$ 194,693	\$ 197,751	\$ 199,115
Total net debt applicable to limit	8,646	8,246	7,823	7,376	6,904	6,404	5,876	5,317	4,726	4,101
Legal debt margin	\$ 169,556	\$ 159,416	\$ 167,530	\$ 174,246	\$ 180,918	\$ 182,021	\$ 185,673	\$ 189,376	\$ 193,025	\$ 195,014

Total net debt applicable to the limit as a percentage of debt limit

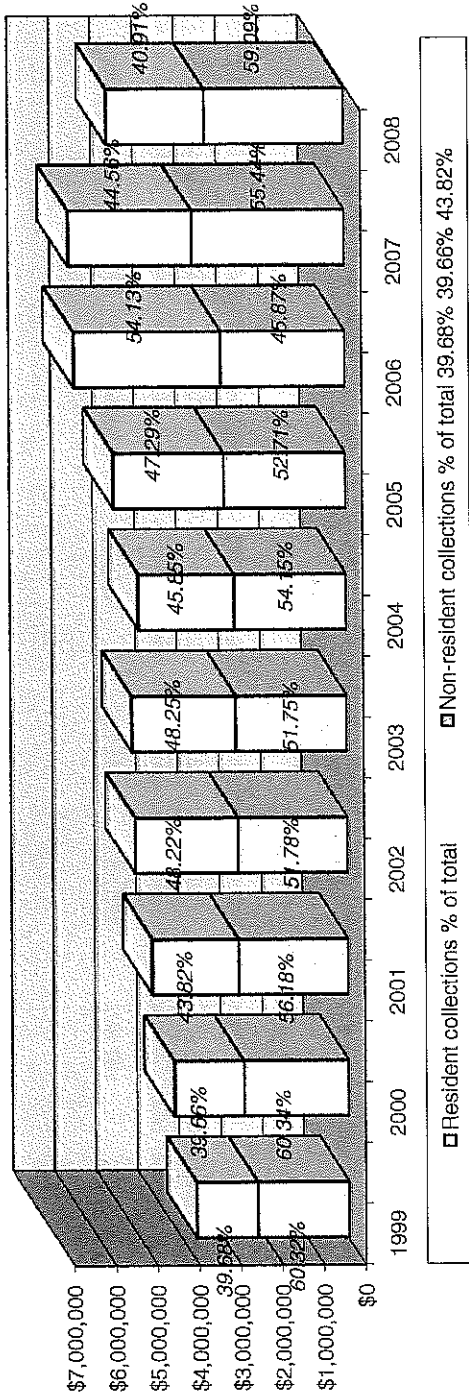
	4.85%	4.92%	4.46%	4.06%	3.68%	3.40%	3.07%	2.73%	2.39%	2.06%
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Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,747,526
Add back: exempt real property	243,625
Total assessed value	<u>1,991,151</u>
Debt limit (10% of total assessed value)	199,115
Debt applicable to limit:	
General obligation bonds	4,101
Total net debt applicable to limit	<u>4,101</u>
Legal debt margin	<u>\$ 195,014</u>

Assessed value	\$ 1,611,198	\$ 1,496,154	\$ 1,557,580	\$ 1,610,621	\$ 1,662,971	\$ 1,663,884	\$ 1,686,942	\$ 1,720,875	\$ 1,732,148	\$ 1,747,526
Add back: exempt real property	170,818	180,463	195,955	205,600	215,245	220,367	228,544	226,058	245,361	243,625
Total assessed value	<u>\$ 1,782,016</u>	<u>\$ 1,676,617</u>	<u>\$ 1,753,535</u>	<u>\$ 1,816,222</u>	<u>\$ 1,878,216</u>	<u>\$ 1,884,251</u>	<u>\$ 1,915,485</u>	<u>\$ 1,946,933</u>	<u>\$ 1,977,509</u>	<u>\$ 1,991,151</u>
@ 10%	178,202	167,662	175,353	181,622	187,822	188,425	191,549	194,693	197,751	199,115

**West Goshen Township  
Earned Income Tax Revenue  
Last Ten Fiscal Years**



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Resident collections	\$2,216,816	\$2,534,051	\$2,644,805	\$2,645,989	\$2,681,341	\$2,709,509	\$2,945,330	\$2,996,875	\$3,689,404	\$3,379,784
% of total	60.32%	60.34%	56.18%	51.78%	51.75%	54.15%	52.71%	45.87%	55.44%	59.09%
Non-resident collections	1,458,568	1,665,738	2,062,609	2,464,548	2,499,922	2,294,125	2,642,803	3,535,916	2,965,794	2,339,958
% of total	39.68%	39.66%	43.82%	48.22%	48.25%	45.85%	47.29%	54.13%	44.56%	40.91%
Total earned income tax collected	\$3,675,384	\$4,199,789	\$4,707,414	\$5,110,537	\$5,181,263	\$5,003,634	\$5,588,133	\$6,532,791	\$6,655,198	\$5,719,742

**Notes:**  
 The Earned Income Tax rate is levied at 1%.  
 Both the West Chester Area School District and West Goshen Township levy the tax; therefore the 1% is shared 50/50.  
 The School District may not levy earned income taxes on nonresidents - the full 1% is received by the Township.  
 Nonresidents liable for an earned income tax at their place of residence receive a credit against any nonresident levy in their place of employment.

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

**West Goshen Township**  
**Resident Earned Income Statistics**  
**Direct and Overlapping Resident Statistics**  
**Last Available Ten Fiscal Years**

	DIRECT:											OVERLAPPING:										
	West Goshen Township											West Chester Area School District Municipalities										
	Individuals		# of Emplrs			Employers			Average			Individuals		Employers			Average					
	On file	Exempts	Total	On file	On file	Closed/	Total Open	Average	On file	Exempts	Total	On file	On file	Closed/	Total Open	Average						
			Taxables		Bankrupt	Bankrupt	Employers	Earnings					Bankrupt	Employers	Earnings							
1998	21,697	5,483	16,214	2,349	1,090	1,259	1,259	\$39,746	110,320	24,813	85,507	7,762	3,228	4,534	\$41,121							
1999	22,008	5,593	16,415	2,453	1,176	1,277	1,277	\$42,685	114,236	25,468	88,768	8,183	3,760	4,423	\$43,141							
2000	23,145	5,755	17,390	2,364	979	1,385	1,385	\$44,726	119,272	26,277	92,995	7,757	2,887	4,870	\$76,316							
2001	23,504	5,794	17,710	2,489	1,027	1,462	1,462	\$46,064	120,444	26,414	94,030	8,139	3,058	5,081	\$53,360							
2002	23,580	5,794	17,786	2,619	1,065	1,554	1,554	\$43,597	122,758	25,785	96,973	8,735	3,184	5,551	\$50,593							
2003	23,939	5,681	18,258	2,709	1,089	1,620	1,620	\$43,713	127,787	26,407	101,380	9,248	3,299	5,949	\$44,626							
2004	25,481	5,799	19,682	2,829	1,161	1,668	1,668	\$50,507	129,601	26,709	102,892	9,510	3,464	6,046	\$52,434							
2005	25,466	5,818	19,648	2,929	1,168	1,761	1,761	\$50,249	132,767	27,387	105,380	10,081	3,608	6,473	\$55,343							
2006	24,965	5,983	18,982	3,032	1,224	1,808	1,808	\$52,492	130,461	23,359	107,102	10,527	3,803	6,724	\$57,552							
2007	25,928	6,045	19,883	3,148	1,272	1,876	1,876	\$52,820	131,793	28,465	103,328	11,068	3,952	7,116	\$57,160							

**Notes:**

2008 statistics are not available.

2004-2006 Average earnings have been revised.

Exempt individuals include disabled, homemaker, non-adult, and retired statuses.

Municipalities included in the West Chester area school district: West Chester Borough, West Goshen Township, East Goshen Township, East Bradford Township, West Whiteland Township, Westtown Township, Thornbury Township (Chester and Delaware County).

All municipalities share resident Earned Income Tax revenue levied at 1%, 50/50 with the School District.

**Sources:**

West Goshen Township Finance Department and Berkleimer Tax Administrators.

**West Goshen Township  
Principal Employers  
Current Year and Prior Year**

Taxpayer	2008				2007			
	Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank
United Parcel Service, Inc.	3,086	1	10.4%	3,270	1	11.0%		
QVC Network, Inc.	2,118	2	7.1%	2,201	2	7.4%		
West Chester School W Goshen	910	4	3.1%	901	4	3.0%		
A. Duie Pyle, Inc.	904	3	3.0%	927	3	3.1%		
Chester County Court House	885	5	3.0%	889	5	3.0%		
People 2.0 Global, Inc.	844	6	2.8%					
PA State System of Higher Education	563	7	1.9%	460	7	1.5%		
Atlantic Coast Athletic Club (ACAC)	496	8	1.7%	536	6	1.8%		
Krapfs Coaches Inc.	451	9	1.5%					
Cephalon, Inc.	380	10	1.3%	339	8	1.1%		
Wawa Inc. # 31				305	9	1.0%		
P&A Marketing, Inc.				296	10	1.0%		
<b>Total, 10 largest employers</b>	<u>10,637</u>		<u>35.8%</u>	<u>10,124</u>		<u>34.1%</u>		
<b>Note: Total employment in West Goshen Township subject to Earned Income Tax</b>	<u>29,727</u>			<u>27,241</u>				

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



**West Goshen Township  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Code Enforcement</b>										
Building permits	545	499	474	457	413	633	757	918	1,084	1,252
New construction	142	102	70	91	46	36	15	36	37	26
Additions & alterations	229	225	228	242	220	287	200	204	219	245
Subdivision plans	28	25	20	9	9	2	8	2	5	2
Lots approved	67	113	43	14	65	11	2	246	13	9
Zoning appeals	6	12	12	10	11	8	10	8	5	8
Land development	5	7	7	9	14	10	17	16	10	11
<b>Police</b>										
Physical arrests	987	1,542	838	1,142	1,384	1,330	944	938	1734	956
Traffic violations	3,898	3,924	3,129	3,130	2,738	3,090	3,042	2,898	3,063	3,308
Parking violations	414	424	549	382	321	486	346	340	195	197
Alarm violations	1,547	1,604	1,299	1,478	1,348	1,287	1,151	1,255	941	1,006
<b>Fire</b>										
Number of calls answered	n/a	n/a	n/a	n/a	n/a	65	77	72	63	75
Inspections	n/a	n/a	n/a	n/a	n/a	286	474	466	463	404
<b>Highways and streets</b>										
Street resurfacing (miles)	3.20	3.07	3.38	2.10	3.40	3.66	1.92	4.08	0.00	10.32
<b>Culture and Recreation</b>										
Summer recreation program registrations	358	333	315	364	335	294	317	347	332	314
Summer sports clinic registrations	156	146	168	143	84	102	102	119	99	91
Park/pavilion permits issued	118	130	107	116	102	104	110	87	95	89

Sources: Various township departments.  
Note: Indicators are not available for the general government function.

**West Goshen Township  
Capital Assets Statistics by Function  
Last Ten Fiscal Years**

<b>Function</b>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Building	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Building	1	1	1	1	1	1	1	1	1	1
Streets (miles)	79.65	79.73	80.92	82.49	82.49	84.69	84.69	84.69	85.64	85.93
Bridges	1	1	1	1	1	1	2	2	2	2
Traffic Signals	25	25	25	26	26	26	27	27	27	27
Culture and recreation										
Parks acreage	109.5	109.5	109.5	112.7	112.7	112.7	112.7	112.7	112.7	112.7
Parks	12	12	12	13	13	13	13	13	13	13
Tennis courts	4	4	4	4	4	4	4	6	6	6
Baseball fields	4	4	4	4	4	4	4	4	4	4
Basketball courts	3	3	3	3	3	3	3	3	3	3
Volleyball court	2	2	2	2	2	2	2	2	2	2
Soccer/multipurpose field	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Pavilions	3	3	3	3	3	2	2	2	2	2
Maintenance garage	0	0	0	0	0	1	1	1	1	1

Source: Various township departments.

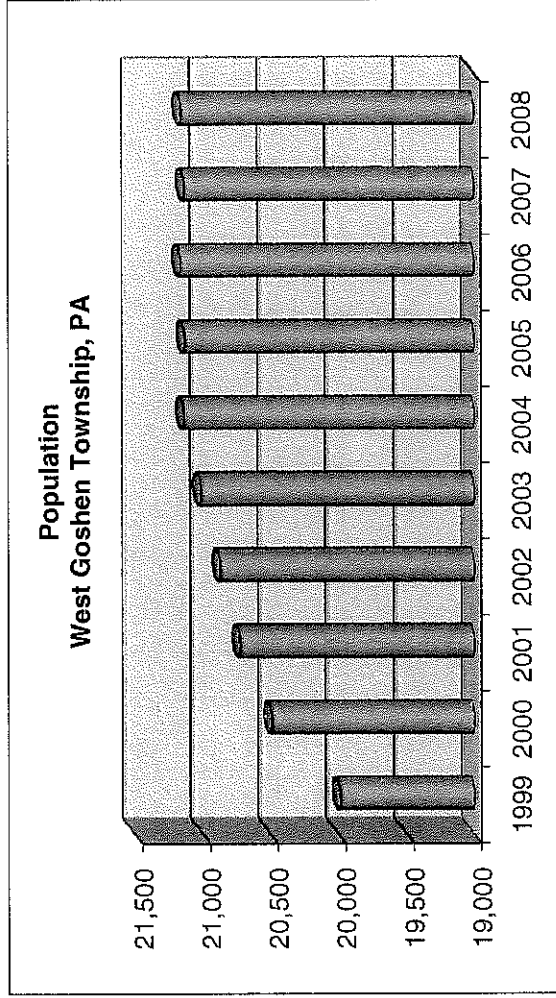
Note: No capital assets indicators are available for the general government function.

West Goshen Township  
 Full-time West Goshen Township Employees by Function  
 Last Ten Years

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	14	13	13	15	15	14	14	15	15	15
Public Safety										
Officers	26	26	26	26	26	26	26	25	25	27
Dispatchers	2	2	4	4	4	4	4	2	2	2
Administration	2	2	2	2	2	3	3	3	3	2
Code Inspectors	1	1	1	1	1	2	2	2	2	2
Fire Marshal	0	0	0	0	0	1	1	1	1	1
Highways and streets	7	7	8	8	9	9	9	10	10	12
Culture and recreation	6	6	8	9	9	8	9	10	11	11
Sewer	<u>14</u>	<u>16</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>15</u>	<u>16</u>
Total	72	73	75	80	81	81	82	82	84	88

**WEST GOSHEN TOWNSHIP  
POPULATION STATISTICS  
LAST TEN FISCAL YEARS**

Population statistics - West Goshen Township, PA



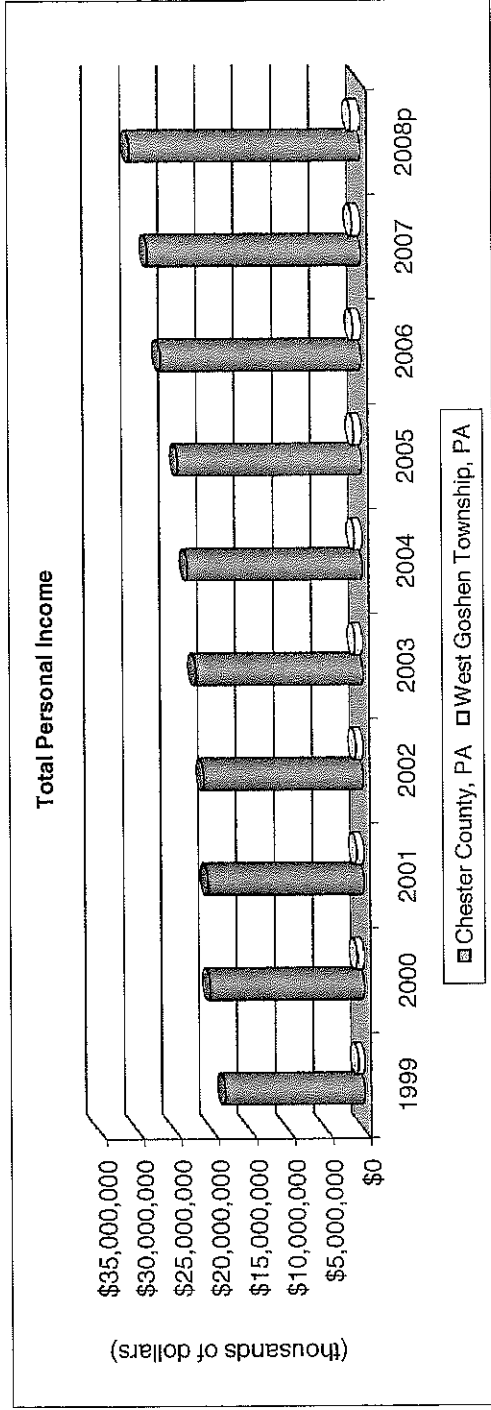
Population	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
West Goshen Township, PA	19,993	20,495	20,727	20,876	21,017	21,144	21,138	21,168	21,140	21,162

Note: US Census Bureau 2008 population estimate not yet available. Projection established using 10-year trend.

Source: US Census Bureau Population Estimates Program (1999 and 2001-2007) and Census 2000.

WEST GOSHEN TOWNSHIP  
TOTAL PERSONAL INCOME  
LAST TEN FISCAL YEARS

Total personal income - Chester County, PA



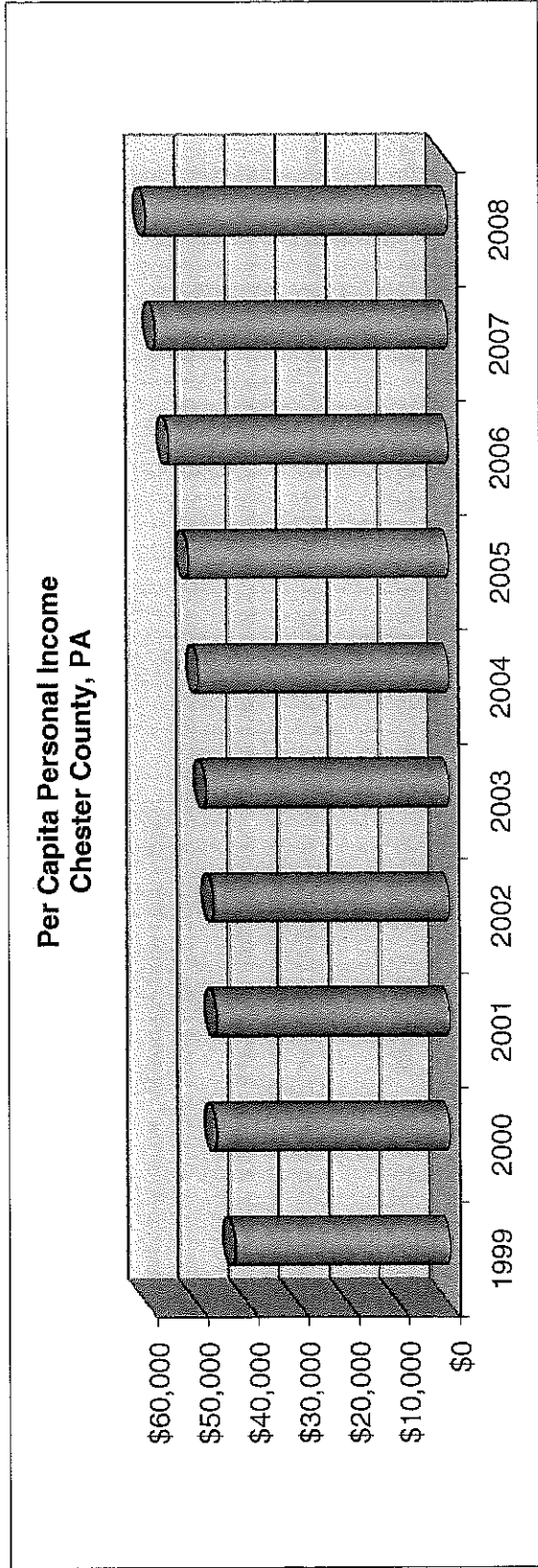
Total Personal Income (thousands of dollars)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Chester County, PA	\$18,331,900	\$20,245,121	\$20,476,687	\$21,010,850	\$22,013,700	\$23,073,978	\$24,322,123	\$26,526,553	\$28,227,873	\$30,597,321
West Goshen Township, PA	\$856,221	\$957,146	\$974,766	\$1,011,334	\$1,034,289	\$1,073,542	\$1,116,253	\$1,179,564	\$1,278,615	
	5.2%	10.4%	1.1%	2.6%	4.8%	4.8%	5.4%	9.1%	6.4%	8.4%

Note: Total personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. Township data is estimated.  
Bureau of Economic Analysis 2008 local area personal income estimate not yet available. Projection established using 10-year trend.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (1999-2007) with revisions to years 2005-2006; West Goshen Township Finance Department projection (2008).

**WEST GOSHEN TOWNSHIP  
PER CAPITA PERSONAL INCOME  
LAST TEN FISCAL YEARS**

Per capita personal income - Chester County, PA



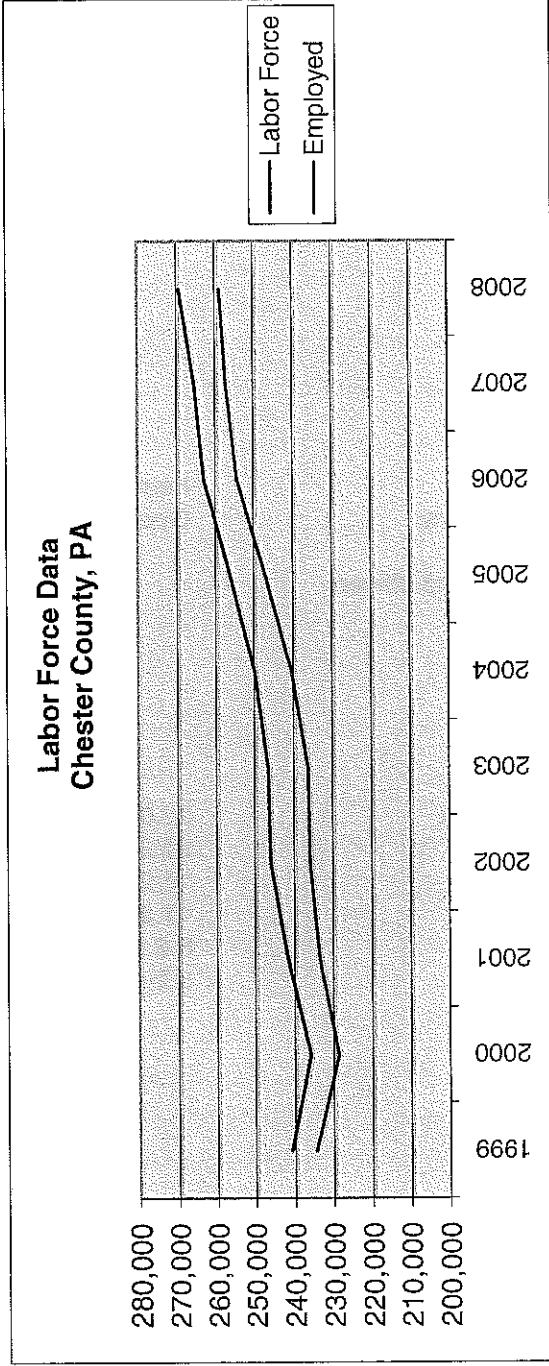
Per Capita Personal Income Chester County, PA	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	\$42,826	\$46,457	\$46,373	\$46,862	\$48,351	\$49,825	\$51,697	\$55,476	\$58,130	\$60,561
	3.4%	8.5%	-0.2%	1.1%	3.2%	3.0%	3.8%	7.3%	4.8%	4.2%

Note: Per capita personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. Local area per capita personal income data was revised by the Bureau of Economic Analysis for years 2000-2006.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (1999-2007); West Goshen Township Finance Department projection (2008).

WEST GOSHEN TOWNSHIP  
LABOR FORCE DATA  
LAST TEN FISCAL YEARS

Labor Force Data - Chester County, PA



Chester County, PA	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Labor Force	240,710	235,802	241,603	245,855	246,405	249,758	256,159	262,848	265,333	269,351
Employed	234,460	228,596	233,453	235,820	236,234	240,360	246,823	254,170	257,121	258,685
Unemployment Rate	2.6%	3.1%	3.4%	4.1%	4.1%	3.8%	3.6%	3.3%	3.1%	4.0%
Pennsylvania Rate	4.4%	4.2%	4.8%	5.6%	5.7%	5.4%	5.0%	4.7%	4.4%	5.4%
US Rate	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%

Note: Labor force data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. State and national rates are provided, when available, for reference only.

Source: Bureau of Labor Statistics Local Area Unemployment Statistics (1999-2008).  
Years 2001 - 2007 reflect revised inputs, reestimations, and new statewide controls.

# West Goshen Township

## Miscellaneous Statistics

December 31, 2008

Date founded:	1817	
Form of government:	Second Class Township	
Area:	12 square miles	
Miles of Roads:	86 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:	27 full-time police personnel and officers	
Education:	2 elementary schools 2 middle schools 1 high school	
Main Township Parks:	West Goshen Community Park Stoneybrook Park Coopersmith Park Barker Park Hallowell Park Robert E. Lambert Park	32.0 acres 22.2 acres 15.2 acres 11.5 acres 8.2 acres 3.2 acres



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

200 Springer Building  
3411 Silverside Road  
Wilmington, Delaware 19810  
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June 18, 2009

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, 2008, which collectively comprise West Goshen Township's basic financial statements, and have issued our report thereon dated June 18, 2009.

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Goshen Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Goshen Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Goshen Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Goshen Township's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of West Goshen Township's financial statements that is more than inconsequential will not be prevented or detected by West Goshen Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by West Goshen Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Board of Supervisors  
West Goshen Township  
West Chester, Pennsylvania

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a matter that we reported to management of West Goshen Township in a separate letter dated June 18, 2009.

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*  
BARBACANE, THORNTON & COMPANY