WEST GOSHEN TOWNSHIP
WEST CHESTER, PENNSYLVANIA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2012

WEST GOSHEN TOWNSHIP

TABLE OF CONTENTS

WEST GOSHEN TOWNSHIP

TABLE OF CONTENTS

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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June 12, 2013

Board of Supervisors
West Goshen Township
West Chester, Pennsylvania

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Supervisors
West Goshen Township

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited West Goshen Township's 2011 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated June 19, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21 and the supplementary information presented on pages 66 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Goshen Township's financial statements. The combining and individual fund statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013 on our consideration of West Goshen Township's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Goshen Township's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

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, 2012. Please read it in conjunction with the Township's financial statements, which begin on page 22.

FINANCIAL HIGHLIGHTS

- The assets of West Goshen Township exceeded its liabilities at the close of the most recent fiscal year by $71,327,994 (*net position*). Of this amount, $18,779,412 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

- The Township's total net position decreased by $785,567.

- At the close of the current fiscal year, the Township recognized an additional OPEB liability and expense in the amount of $477,011 in its governmental activities and $21,610 in its business-type activities.

- As of December 31, 2012, the Township's governmental funds reported combined ending fund balances of $12,878,321, a decrease of $680,052 in comparison with the prior year. Approximately 67 percent of this total, or $8,692,731, is available for spending at the Township's discretion (*assigned and unassigned fund balance)*.

- The Township's total debt decreased by $909,193.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to West Goshen Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of West Goshen Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the Township's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township 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.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick and vacation time).

Both of the government-wide financial statements distinguish functions of the Township that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and library. The business-type activities of the Township include a Sewer Authority, and the sewer and waste and recycling activities. 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. The Sewer Authority, although legally separate, 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 government-wide financial statements can be found on pages 22 - 23 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. West Goshen Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital reserve fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the *combining and individual fund statements and schedules section* of this report.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24 - 27 of this report.

Proprietary funds. Proprietary funds account for operations that are financed primarily by user charges. The Township's only proprietary funds are *Enterprise funds. Enterprise funds* are presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail with additional information, such as cash flows for proprietary funds. The proprietary fund financial statements provide separate information for the Sewer Fund, the Waste and Recycling Fund, and the Sewer Authority, which are considered to be major funds of the Township. Data from one other fund presented in the statements is considered a nonmajor proprietary fund.

The basic proprietary fund financial statements can be found on pages 30 - 33 of this report.

Fiduciary Funds. The Township's fiduciary funds are *Trust and Agency funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Trust and Agency funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Township maintains three different types of fiduciary 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. The *Agency Fund* reports resources held by the Township in a custodial capacity for a private organization.

The fiduciary fund financial statements can be found on pages 34 - 35 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 - 65 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 66 - 75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements and budgetary comparison schedules can be found on pages 76 - 82 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position 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 $71,327,994 at the close of 2012. This is a decrease of $785,567 from the previous year. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities.

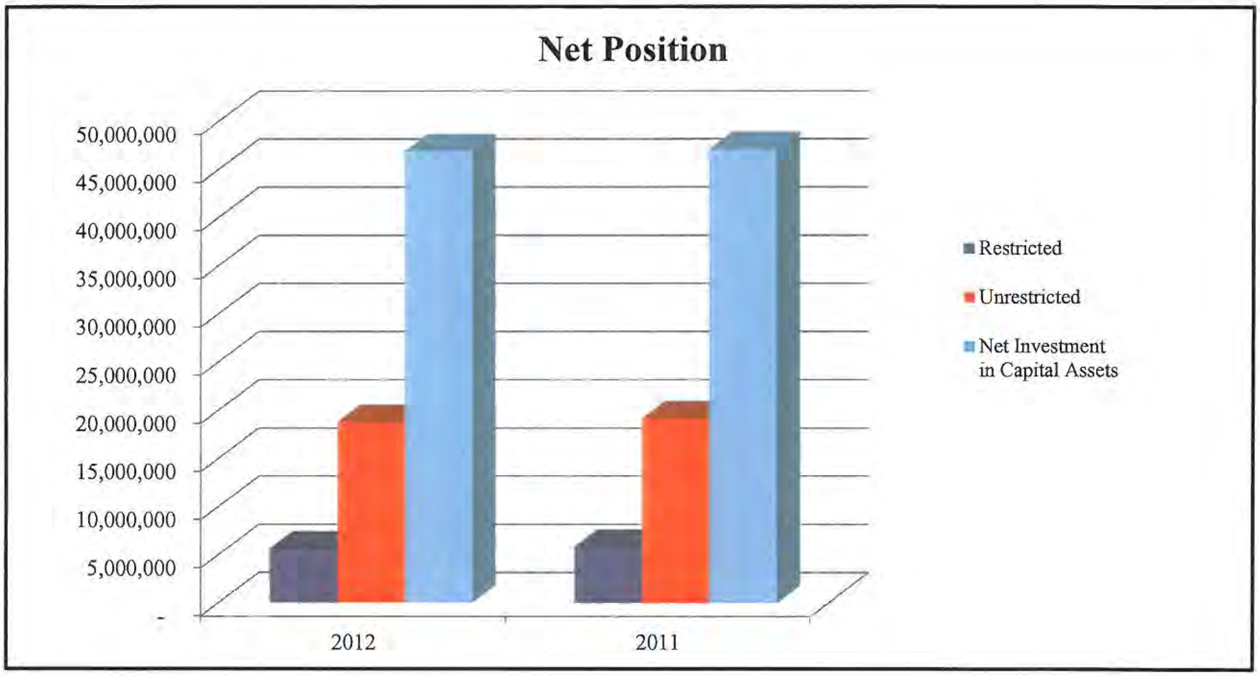
Table 1
STATEMENT OF NET POSITION
December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 15,254,396	$ 16,129,487	$ 12,272,196	$ 11,337,890	$ 27,526,592	$ 27,467,377
Capital assets	37,043,377	37,448,139	19,777,044	20,497,564	56,820,421	57,945,703
Total Assets	$ 52,297,773	$ 53,577,626	$ 32,049,240	$ 31,835,454	$ 84,347,013	$ 85,413,080
Long-term liabilities outstanding	$ 8,807,248	$ 8,811,954	$ 2,472,466	$ 2,811,350	$ 11,279,714	$ 11,623,304
Other liabilities	1,036,741	1,114,795	702,564	561,420	1,739,305	1,676,215
Total Liabilities	9,843,989	9,926,749	3,175,030	3,372,770	13,019,019	13,299,519
Net Position:						
Net investment in capital assets	29,647,915	29,495,484	17,267,044	17,635,564	46,914,959	47,131,048
Restricted for:						
Capital Reserve	4,141,671	4,368,312	-	-	4,141,671	4,368,312
Streets	43,919	24,820	-	-	43,919	24,820
Sewer	-	-	1,448,033	1,442,605	1,448,033	1,442,605
Unrestricted	8,620,279	9,762,261	10,159,133	9,384,515	18,779,412	19,146,776
Total Net Position	42,453,784	43,650,877	28,874,210	28,462,684	71,327,994	72,113,561
Total Liabilities and Net Position	$ 52,297,773	$ 53,577,626	$ 32,049,240	$ 31,835,454	$ 84,347,013	$ 85,413,080

The largest portion of the Township's net position, $46,914,959 (or 65.8 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, the significant upgrade to the Sewer Wastewater Treatment Plant, and the construction of the new Public Works Garage. 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 position, $5,633,623 (or 7.9 percent), represents resources that are subject to external restrictions on how they may be used. This compares with last year's total restricted net position of $5,835,737. This decrease is primarily due to capital purchases of infrastructure and major capital equipment.

The remaining balance of unrestricted net position, $18,779,412 (or 26.3 percent), may be used to meet the Township's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net position of $19,146,776.



At the end of the current fiscal year, the Township is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and 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 $1,197,093 as compared to the previous year decrease of $827,514. Table 2 shows the changes in net position for the years ended December 31, 2012 and 2011.

The cost of all governmental activities this year was $15,368,682. As shown in the statement of activities on page 23, the amount that our taxpayers ultimately financed for these activities through Township taxes was $13,370,764. Other costs were paid by those who directly benefited from the programs ($970,421), or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions ($1,027,497).

Table 2
STATEMENT OF ACTIVITIES
For the Years Ended December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	$ 970,421	$ 918,724	$ 6,777,946	$ 6,413,771	$ 7,748,367	$ 7,332,495
Operating grants & contributions	1,027,497	1,354,353	245,337	191,654	1,272,834	1,546,007
General revenues:						
Earned income taxes	6,447,467	6,366,105	-	-	6,447,467	6,366,105
Local services taxes	862,127	921,698	-	-	862,127	921,698
Property taxes	3,458,366	3,458,714	-	-	3,458,366	3,458,714
Real estate transfer taxes	709,390	568,142	-	-	709,390	568,142
Franchise taxes	437,161	409,665	-	-	437,161	409,665
Grants and contributions not specific programs	18,350	19,350	-	-	18,350	19,350
Other	240,810	207,128	53,598	16,777	294,408	223,905
TOTAL REVENUES	14,171,589	14,223,879	7,076,881	6,622,202	21,248,470	20,846,081
General government	2,285,489	2,572,960	-	-	2,285,489	2,572,960
Public safety	6,787,133	6,592,175	-	-	6,787,133	6,592,175
Highways/streets	4,366,789	4,242,422	-	-	4,366,789	4,242,422
Other public works	86,940	54,681	-	-	86,940	54,681
Library	2,500	2,500	-	-	2,500	2,500
Culture and recreation	1,489,677	1,239,590	-	-	1,489,677	1,239,590
Interest expense	350,154	343,285	-	-	350,154	343,285
Sewer operations	-	-	4,401,330	4,278,235	4,401,330	4,278,235
Waste and recycling	-	-	2,264,025	2,045,978	2,264,025	2,045,978
TOTAL EXPENSES	15,368,682	15,047,613	6,665,355	6,324,213	22,034,037	21,371,826
INCREASE (DECREASE) IN NET POSITION	(1,197,093)	(823,734)	411,526	297,989	(785,567)	(525,745)
NET POSITION, BEGINNING OF YEAR	43,650,877	44,474,611	28,462,684	28,164,695	72,113,561	72,639,306
NET POSITION, END OF YEAR	$ 42,453,784	$ 43,650,877	$ 28,874,210	$ 28,462,684	$ 71,327,994	$ 72,113,561

As indicated by governmental program expenses, public safety programs account for approximately 44 percent of the total expenditures of the Township's governmental activities. General administration and highways/streets services account for approximately15 percent and 28 percent, respectively, of the total expenditures for 2012.

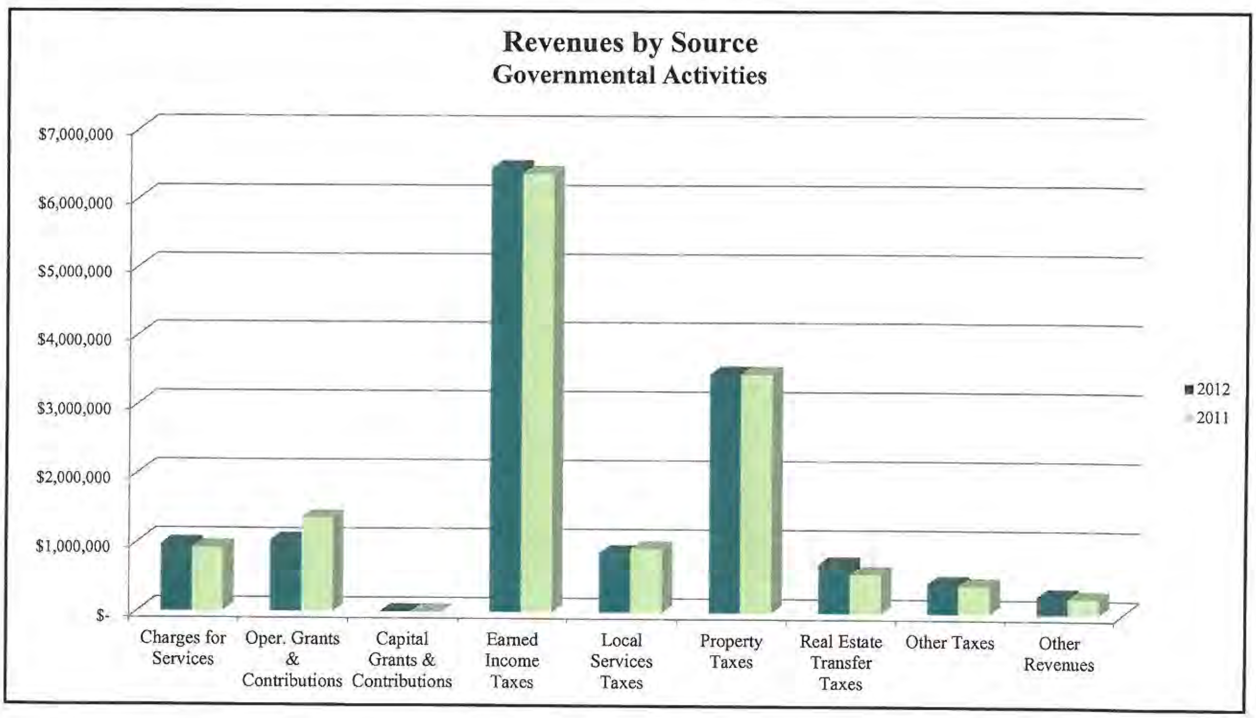
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions, however, included:

- Employee wages increased approximately 3.0 percent.
- Employee benefit costs rose by approximately 4.5 percent.
- Adherence to GASB 45 resulted in the recognition of an expense for other post-employment benefits in the amount of $477,011.

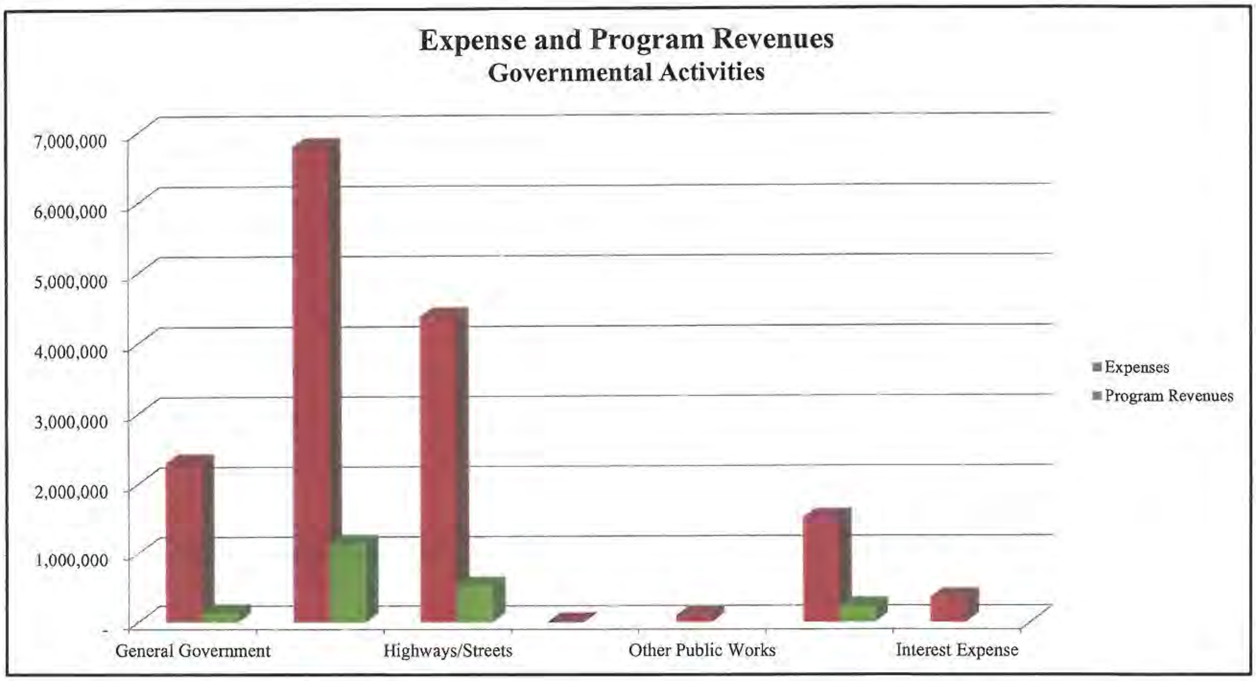
Real estate taxes, earned income taxes, and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities. Revenues generated from the Local Services Tax, enacted by ordinance for 2006, restricts the use of revenue generated from 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 below, earned income tax is the largest revenue source for governmental activities, accounting for approximately 45 percent of total revenues (45 percent in the prior year). Property taxes and real estate transfer taxes provide approximately 24 percent and five percent of total revenues, respectively (24 percent and four percent in the prior year). The Local Services Tax accounted for approximately six percent of total revenues (six 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 increased by $81,362, or 1.3 percent, in 2012.
- Charges for services increased by $51,697 from the prior year. Open Space contributions from building contractors of $112,500 were received in 2012 as compared to $77,500 for 2011.
- Operating grants and contributions decreased by $326,856 due to State Aid contributions returning to normal, customary levels. A one-time infusion of State Aid for Foreign Fire Insurance and Employees Pension Plans occurred in 2011.
- Property transfer taxes increased by $141,248, or 25 percent, in 2012.
- Other income increased by $33,682 over the prior year due mainly to reimbursements relating to Workers' Comp Benefits of $106,820 (as compared to $68,800 in the prior year), a PEMA reimbursement for Hurricane Irene of $18,372, a DCED Grant for traffic studies of $5,000 and sale of fixed assets of $36,000 (as compared to $80,141 in the prior year).



Program revenues support 13 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 $4,401,330 for 2012 as compared to $4,278,235 for the prior year. The Township also paid "Rent to Sewer Authority" of $384,401 for 2012 (as compared to $399,265 for the prior year) for payment of the Sewer Authority's bond expense. This amount is shown as a transfer in the proprietary fund financial statements and eliminated for the statement of activities. (See Note 3 to the financial statements.) 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 2012 were $1,346,614, as compared to $1,296,037 for the prior year. The Sewer Authority has been funding a legal effort to prevent the Environmental Protection Agency from adopting discharge limitations. These limits will affect all storm water and wastewater dischargers in Chester Creek, including West Goshen Township. This matter is currently in litigation and the outcome of this effort could 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. The Commonwealth of Pennsylvania also subsidizes the recycling program with a Performance Grant. The grant amount for 2012 was $67,925 as compared to $134,274 for the prior year.

Business-type activities increased the Township's net position by $411,526. The increase of $411,526 in net position is $113,537 more than the previous year increase of $297,989.

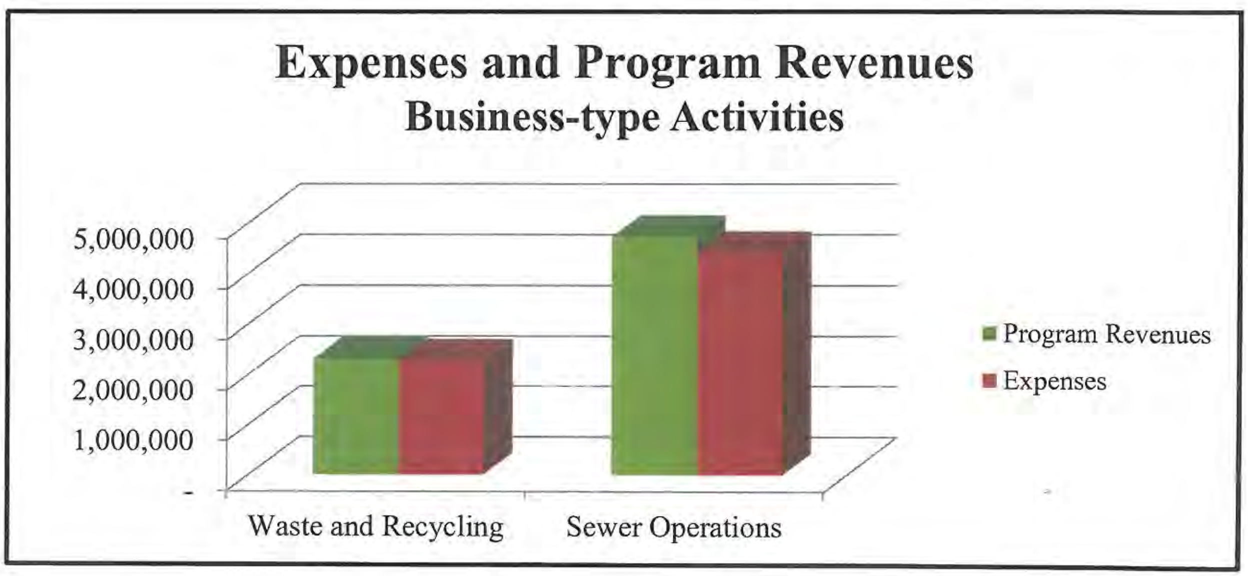
Major revenue factors include:

- Sewer operation revenues increased by $364,919 in large part to increases in tap-in fees.

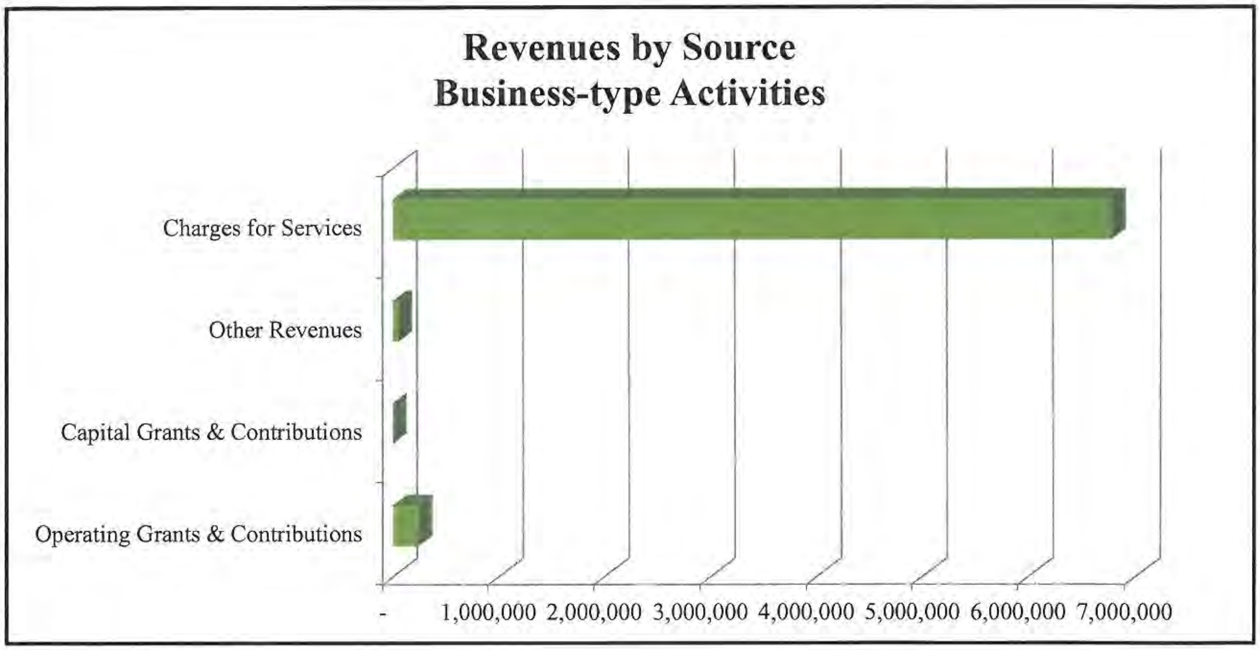
Major expense factors include:

- Employee wages increased approximately 3.0 percent resulting from general wage increases.
- Employee benefits costs increased by approximately 4.5 percent.

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



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.

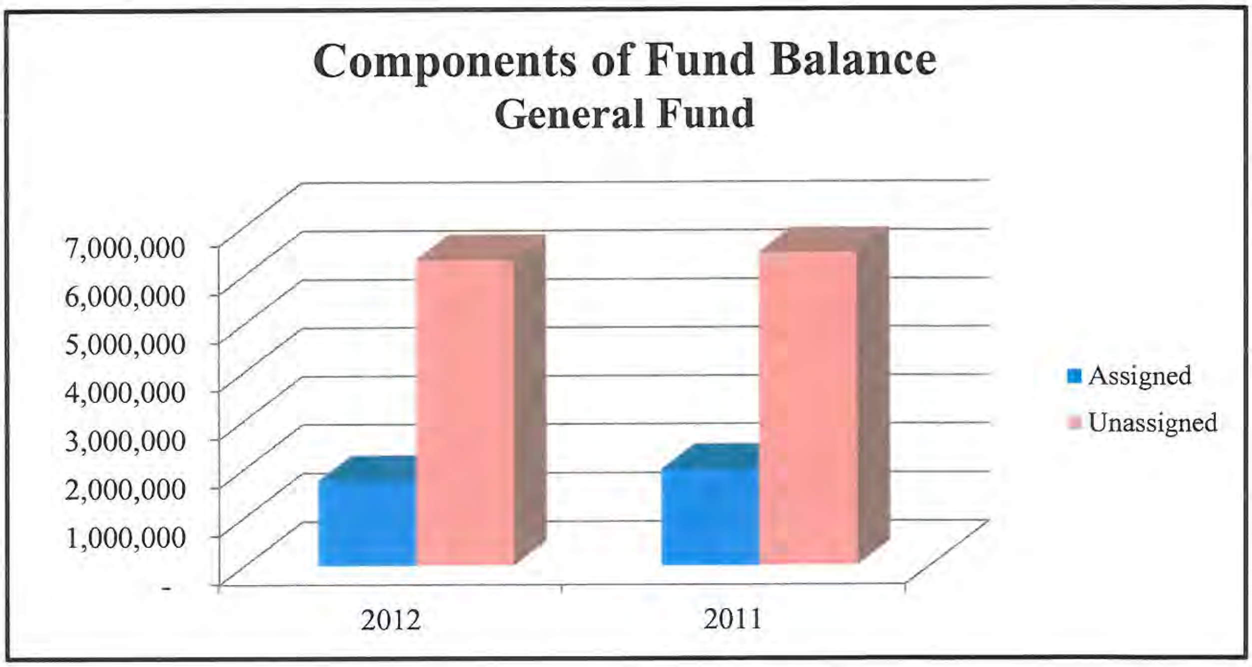


FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Township's Board of Supervisors.

At December 31, 2012, the Township's governmental funds reported combined fund balances of $12,878,321, a decrease of $680,052, in comparison with the prior year. Approximately 49 percent, or $6,315,911, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. Another portion of the fund balance, $4,185,590, represents resources that are *restricted* for specific purposes: 1) debt service; 2) capital improvements; or 3) additional security for bonds. The remaining balance, $2,376,820, represents resources that are *assigned* for specific purposes: 1) appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget ($1,756,308); and 2) resources attributable to Special Revenue Funds ($620,512).

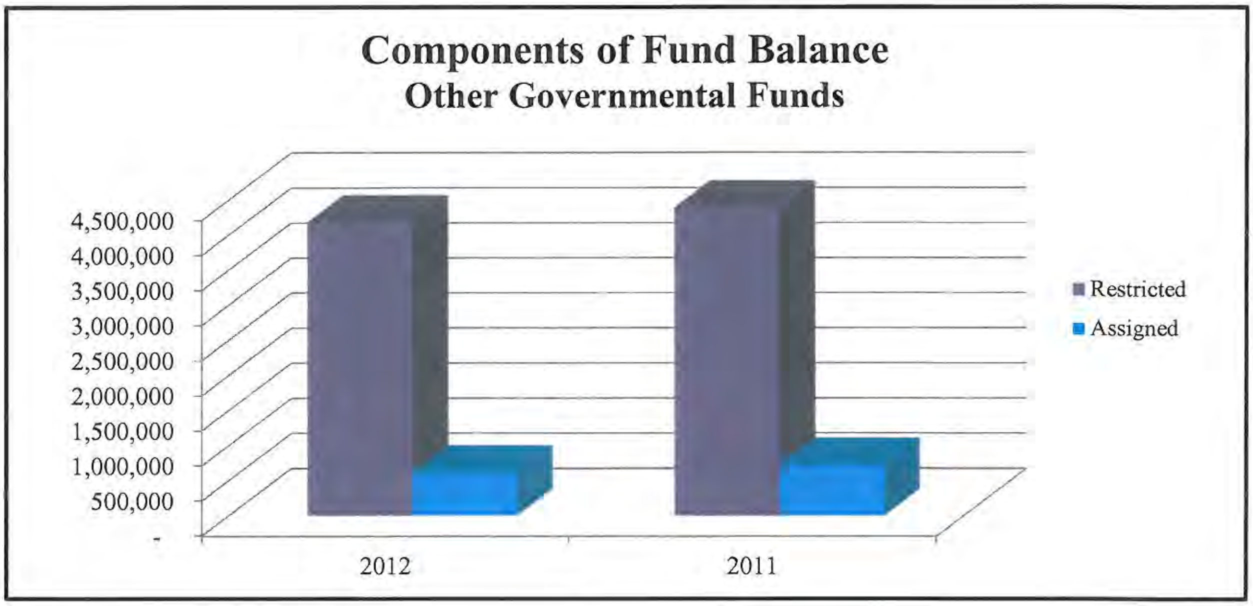


The General Fund is the chief operating fund of West Goshen Township. At the end of the current fiscal year, *unassigned* fund balance of the general fund was $6,315,911, while total fund balance decreased to $8,072,219. As a measure of the general fund's liquidity, it may be useful to compare both *unassigned* fund balance and total fund balance to total general fund expenditures. *Unassigned* fund balance represents approximately 49.6 percent of total general fund expenditures, while total fund balance represents approximately 63.3 percent of that same amount.

The fund balance of the Township's general fund decreased by $365,122 during the current fiscal year. Due to the recession that currently still plagues the nation, actual expenditures and transfers to the Capital Reserve Fund continue to outpace revenues. The anticipated budgeted deficit to the General Fund was projected to be $1,985,711 as compared to the actual realized deficit of $365,122. The Township historically generated revenues in excess of budgeted figures and contained expenditures below budgeted amounts year after year. Key factors contributing to this less than anticipated loss are as follows:

- Overall revenues were more than anticipated by $623,144. The following revenues all came in over budget: Earned income taxes, $131,967; property transfer taxes, $209,390; building permits, $106,773; and miscellaneous revenue, $154,715.

- Actual expenditures and other financing uses were less than anticipated by $997,445. The following expenditures all came in under budget: Parks and Public Works Utilities, $89,467; General Recreation Programs, $20,790; Legal Expenses, $13,967; Employee Insurance, $122,643; Snow Materials and Overtime, $87,171; Repairs and Maintenance, $30,625; Police Service Contracts, $121,290; Road Maintenance Materials, $100,464; Road Construction Materials, $37,448; Storm Water Materials, $27,487; Signs Materials, $38,821; Traffic Signal Maintenance, $31,679; and Transfer to Capital Reserve, $169,347.



The Capital Reserve Fund, a major 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 proceeds from bonds or municipal borrowings, 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.

In 2010, West Goshen Township borrowed $5,500,000 in General Obligation Notes to construct a new Public Works building. The portion drawn down in 2012 was $357,770; remaining funds available to be drawn in 2013 are $128,845.

Capital expenditures financed out of this fund in 2012 totaled $2,129,828 in the following categories: Administration ($525 - pollution remediation); Public Works ($610,983 - construction costs and professional fees for the new Public Works garage; $2,850 - traffic studies; $33,131 - signal construction; $74,861 - fuel island engineering fees; and $18,912 - signal preemptions); Parks and Fields ($114,182 - park improvements; and $79,124 - major capital equipment); and Debt Service ($1,195,260 - principal and interest).

The total fund balance as of December 31, 2012, is $4,141,671, all of which is *restricted* as previously explained.

Capital Projects Fund, nonmajor fund, is maintained for specific capital improvements.

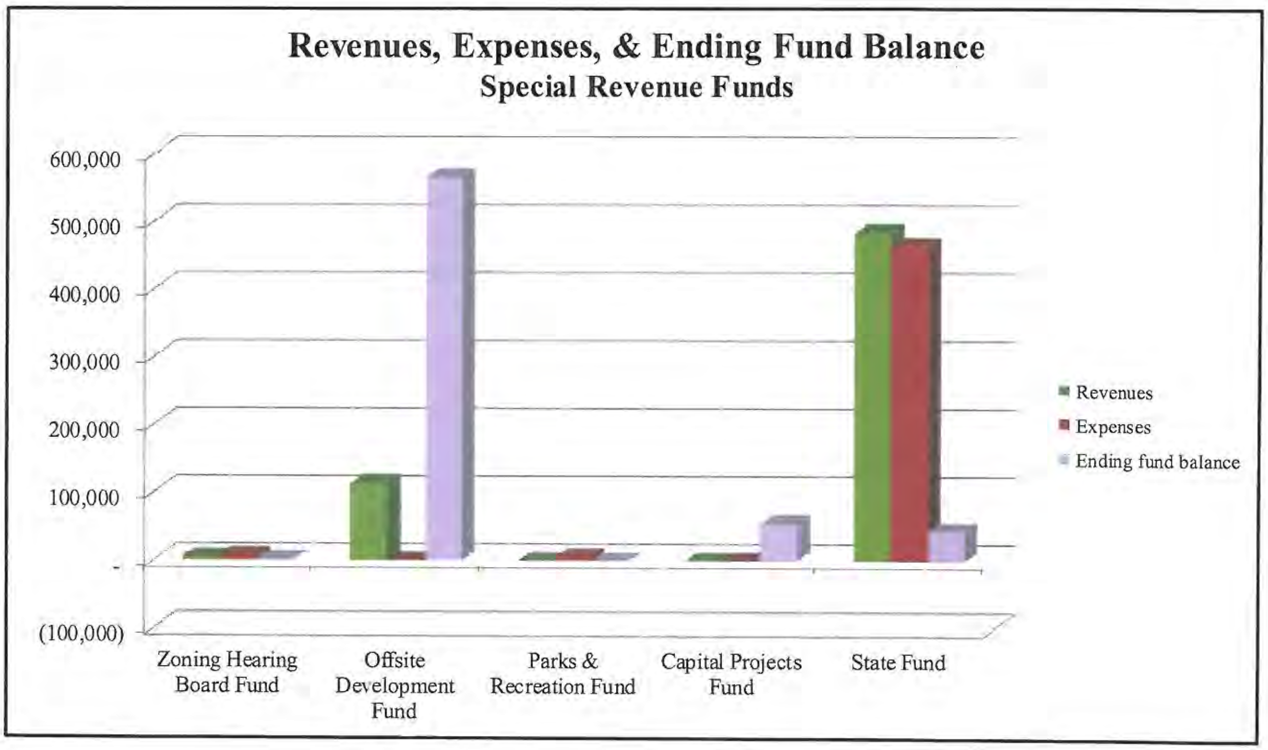
- *Cold Springs Bridge Fund* – In 2006, the Township received $50,000 from a building contractor for future repairs to a newly constructed bridge leading into the new Cold Springs development. It is anticipated that investment earnings will be sufficient to cover future expenditures. Expenditures for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

The total fund balance as of December 31, 2012, is $54,782, all of which is *assigned* as previously explained.

Special Revenue Funds, nonmajor funds, are maintained to account for the proceeds of specific revenue sources that are restricted for the purpose noted above or assigned 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* – The Township received $482,675 (compared to $459,013 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* – The Township received $112,500 (compared to $77,500 in the prior year) from building contractors for open space projects.

The total fund balance of the Special Revenue Funds as of December 31, 2012 is $609,649 as compared to $698,069 in the prior year. Of the current year fund balance of $609,649, $43,919 (State Funds) is *restricted*, and the balance of $565,730 (all other Special Revenue Funds) is *assigned* as previously explained.



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

Unrestricted net position of the Sewer, Waste and Recycling, Sewer Authority, and Sewer Reserve Funds at the end of the year amounted to $10,159,133 as compared to $9,384,515 in the prior year. The total increase in net position was $411,526. Factors contributing to the finances of these three funds have already been addressed in the discussion of the Township's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's budget and actual results can be found on pages 28 - 29.

For 2012, there was no need for any amendments to increase either the original estimated revenues or original budgeted appropriations to the General Fund budget.

The program budget for the General Fund anticipated a decrease in fund balance of $1,985,711.

Actual revenues and other financing sources exceeded budgeted amounts by $623,144. Actual expenditures and other financing uses were under budgeted expenditures by $997,445. Below are the significant budget variances:

- Legal expenses came in under budget ($13,967);
- Storm water materials came in under budget ($27,487);
- Transfers to capital reserve were under budget ($169,347);
- Signs materials came in under budget ($38,821);
- Transfer taxes came in over budget ($209,390);
- Building permits came in over budget ($106,773);
- Traffic signal maintenance came in under budget ($31,679);
- Police service contracts came in under budget ($121,290);
- Parks and Public Works utilities came in under budget ($89,467);
- Reimbursements for Workers' Comp offsets ($106,820);
- PEMA reimbursement for Hurricane Irene ($18,372);
- DCED grant for Traffic studies ($5,000);
- Sale of Brine to other municipalities ($1,660);
- General recreation programs came in under budget ($20,790);
- Employee insurance came in under budget ($122,643);
- Snow materials and overtime came in under budget ($87,171);
- Repairs and maintenance came in under budget ($30,625);
- Road maintenance materials came in under budget ($100,464);
- Road construction materials came in under budget ($37,448);
- Sale of fixed assets came in over budget ($32,000); and
- Earned income taxes came in over budget ($131,967).

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, 2012, amounts to $56,820,421, 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 $1,125,282, net of accumulated depreciation, or a 2.0 percent decrease.

Table 3
CAPITAL ASSETS
December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Buildings and improvements	$ 11,385,612	$ 7,071,154	$ 12,660,768	$ 12,660,768	$ 24,046,380	$ 19,731,922
Machinery and equipment	5,843,193	3,802,092	8,807,138	8,730,521	14,650,331	12,532,613
Vehicles	2,737,168	2,360,284	575,869	575,869	3,313,037	2,936,153
Land	3,128,045	3,128,045	82,083	82,083	3,210,128	3,210,128
Land improvements	1,946,463	1,940,359	603,665	603,665	2,550,128	2,544,024
Infrastructure	47,015,184	46,880,960	16,379,300	16,379,300	63,394,484	63,260,260
Construction-in-progress	307,427	5,816,756	108,429	3,824	415,856	5,820,580
Total capital assets	72,363,092	70,999,650	39,217,252	39,036,030	111,580,344	110,035,680
Less accumulated depreciation	(35,319,715)	(33,551,511)	(19,440,208)	(18,538,466)	(54,759,923)	(52,089,977)
Capital Assets, Net of Depreciation	$ 37,043,377	$ 37,448,139	$ 19,777,044	$ 20,497,564	$ 56,820,421	$ 57,945,703

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

- $139,601 – purchase of five new Police vehicles;
- $6,895 – purchase of a color digital imaging system for the Police Department;
- $15,031 – purchase of a Total Station for the Engineering Department;
- $7,912 – purchase of DesignJet Plotter for the Engineering Department;
- $11,702 – purchase of a Gator with accessories for the Parks Department;
- $71,035 – purchase of one Parks Department truck;
- $91,420 – Insulation costs for the Parks Department building;

- $8,885 – purchase of snow blower for CAT Skid Loader for the Roads Department;
- $18,192– purchase of a solar message board and accessories for the Roads Department;
- $58,918 – purchase of one Bandit chipper for the Roads Department;
- $286,160 – purchase of three Roads Department trucks;
- $28,780 – purchase of one Fire Marshall vehicle for the Administration Department;
- $22,937 – installation of Little League field dugouts at Community Park;
- $38,421– installation of security cameras for various parks;
- $6,104 – installation of a security light at Hamlet Crest Park;
- $204,515 – construction-in-progress of a Municipal Complex fuel island;
- $11,895 – construction-in-progress of traffic light at Burke Road;
- $17,214 – completion of shade structure at Lambert Park;
- $13,010 – completion of traffic light at Paoli Pike and Fern Hill; and
- $481,329 – completion of construction/engineering fees for the new Public Works building placed into service during the current year.

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

- $5,865 – purchase of a snow plow;
- $46,057 – purchase a security camera system for the sewer plant;
- $9,588 – purchase of a mower; and
- $23,045 – purchase of a sludge pump.

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

Long-term Debt

At December 31, 2012, the Township had $9,905,462 in bonds, notes and capital leases outstanding versus $10,814,655 last year – a decrease of 8.4 percent – as shown in Table 4 on the next page.

Table 4
OUTSTANDING DEBT
December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation notes	$ 7,395,462	$ 7,882,798	$ -	$ -	$ 7,395,462	$ 7,882,798
Capital lease	-	69,857	-	-	-	69,857
Sewer Revenue notes	-	-	2,510,000	2,862,000	2,510,000	2,862,000
Total Outstanding Debt	$ 7,395,462	$ 7,952,655	$ 2,510,000	$ 2,862,000	$ 9,905,462	$ 10,814,655

New debt of $5,500,000 was issued in 2010, of which $357,770 was drawn down in 2012 leaving $128,845 available to be drawn down in 2013. Other obligations of the Township include compensated absences of $864,601 and other post-employment benefit obligations of $1,822,315.

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 $56,399,341, 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 5 on pages 48 - 49 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Township and were considered in developing the 2013 fiscal year budget.

- The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.

- Due to the continuing recessionary environment, interest rates for savings and checking accounts continue to be at an all-time low of .23 percent.

- The improvement in the local housing market that occurred in 2012 is expected to continue into 2013. The number of real estate sales in the Township directly affects the revenue streams of real estate transfer taxes.

- The national unemployment rate decreased slightly from around 8.9 percent to approximately 8.1 percent while the unemployment rate in Chester County is at a more modest 6.1 percent. That lower rate has provided a small projected increase in earned income and local services taxes for 2013.

- 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 2013 budget in which the portion of its anticipated expenses exceed planned revenues by $1,756,308 will be offset by relying on fund balance reserves.
- Township Real Estate Taxes were not increased for 2013.
- Costs for services have continued to rise, far outpacing revenues. The increases are largely attributed to salary increases and the increased cost of providing employee benefits.

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 POSITION
DECEMBER 31, 2012
(With Summarized Comparative Data for December 31, 2011)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals 2012	Totals 2011
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 11,495,273	$ 2,476,418	$ 13,971,691	$ 19,448,078
Cash and cash equivalents, restricted	-	103,180	103,180	109,132
Investments	1,172,520	1,168,275	2,340,795	1,843,720
Investments, restricted	-	1,448,033	1,448,033	1,442,605
Accrued interest	-	12,206	12,206	-
Accounts and other receivables	2,486,603	2,041,916	4,528,519	4,607,993
Internal balances	100,000	(100,000)	-	-
Due from developers	-	15,849	15,849	15,849
Total Current Assets	15,254,396	7,165,877	22,420,273	27,467,377
Noncurrent Assets:				
Investments	-	5,106,319	5,106,319	-
Depreciable capital assets, net	33,607,905	19,586,532	53,194,437	48,914,995
Land	3,128,045	82,083	3,210,128	3,210,128
Construction-in-progress	307,427	108,429	415,856	5,820,580
Total Noncurrent Assets	37,043,377	24,883,363	61,926,740	57,945,703
TOTAL ASSETS	$ 52,297,773	$ 32,049,240	$ 84,347,013	$ 85,413,080
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts payable and other current liabilities	$ 108,781	$ 198,831	$ 307,612	$ 228,326
Developers' deposits	-	119,029	119,029	124,981
Compensated absences payable within one year	45,818	14,704	60,522	56,550
Capital leases payable within one year	-	-	-	69,857
Notes payable within one year	882,142	370,000	1,252,142	1,196,501
Total Current Liabilities	1,036,741	702,564	1,739,305	1,676,215
Noncurrent Liabilities:				
Compensated absences	608,728	195,351	804,079	751,313
Other post-employment benefits obligation	1,685,200	137,115	1,822,315	1,323,694
Notes payable	6,513,320	2,140,000	8,653,320	9,548,297
Total Noncurrent Liabilities	8,807,248	2,472,466	11,279,714	11,623,304
TOTAL LIABILITIES	9,843,989	3,175,030	13,019,019	13,299,519
NET POSITION				
Net investment in capital assets	29,647,915	17,267,044	46,914,959	47,131,048
Restricted for:				
Capital reserve	4,141,671	-	4,141,671	4,368,312
Streets	43,919	-	43,919	24,820
Sewer	-	1,448,033	1,448,033	1,442,605
Unrestricted	8,620,279	10,159,133	18,779,412	19,146,776
TOTAL NET POSITION	42,453,784	28,874,210	71,327,994	72,113,561
TOTAL LIABILITIES AND NET POSITION	$ 52,297,773	$ 32,049,240	$ 84,347,013	$ 85,413,080

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

WEST GOSHEN TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government		Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2012	2011
GOVERNMENTAL ACTIVITIES								
General government	$ 2,285,489	$ 71,529	$ 54,162	$ -	$ (2,159,798)	$ -	$ (2,159,798)	$ (2,398,930)
Public safety	6,787,133	711,130	422,255	-	(5,653,748)	-	(5,653,748)	(5,208,633)
Public works - highways and streets	4,366,789	-	-	-	(4,366,789)	-	(4,366,789)	(3,728,811)
Other public works	86,940	-	517,668	-	430,728	-	430,728	(54,681)
Library	2,500	-	-	-	(2,500)	-	(2,500)	(2,500)
Culture and recreation	1,489,677	187,762	33,412	-	(1,268,503)	-	(1,268,503)	(1,037,696)
Interest expense	350,154	-	-	-	(350,154)	-	(350,154)	(343,285)
TOTAL GOVERNMENTAL ACTIVITIES	15,368,682	970,421	1,027,497	-	(13,370,764)	-	(13,370,764)	(12,774,536)
BUSINESS-TYPE ACTIVITIES								
Sewer operations	4,401,330	4,629,908	87,896	-	-	316,474	316,474	121,646
Waste and recycling	2,264,025	2,148,038	157,441	-	-	41,454	41,454	159,566
TOTAL BUSINESS-TYPE ACTIVITIES	6,665,355	6,777,946	245,337	-	-	357,928	357,928	281,212
TOTAL PRIMARY GOVERNMENT	$ 22,034,037	$ 7,748,367	$ 1,272,834	$ -	(13,370,764)	357,928	(13,012,836)	(12,493,324)
		GENERAL REVENUES						
		Taxes:						
		Real estate taxes			3,458,366	-	3,458,366	3,458,714
		Real estate transfer taxes			709,390	-	709,390	568,142
		Earned income taxes			6,447,467	-	6,447,467	6,366,105
		Local services tax			862,127	-	862,127	921,698
		Franchise taxes			437,161	-	437,161	409,665
		Investment earnings			29,936	51,392	81,328	58,988
		Grants and contributions not restricted to specific programs			18,350	-	18,350	19,350
		Gain on sale of capital assets			41,079	2,206	43,285	80,141
		Miscellaneous			169,795	-	169,795	84,776
		TOTAL GENERAL REVENUES			12,173,671	53,598	12,227,269	11,967,579
		CHANGE IN NET POSITION			(1,197,093)	411,526	(785,567)	(525,745)
		NET POSITION, BEGINNING OF YEAR, RESTATED			43,650,877	28,462,684	72,113,561	72,639,306
		NET POSITION, END OF YEAR			$ 42,453,784	$ 28,874,210	$ 71,327,994	$ 72,113,561

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

WEST GOSHEN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012
(With Summarized Comparative Data for December 31, 2011)

	Major Funds			Totals	
	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	2012	2011
ASSETS					
Cash and cash equivalents	$ 7,414,958	$ 3,415,884	$ 664,431	$11,495,273	$11,738,276
Investments	427,627	744,893	-	1,172,520	1,516,961
Due from other funds	100,000	-	-	100,000	200,000
Accounts receivable	135,481	-	-	135,481	118,939
Taxes receivable	2,351,122	-	-	2,351,122	2,555,311
TOTAL ASSETS	$10,429,188	$ 4,160,777	$ 664,431	$15,254,396	$16,129,487
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 89,179	$ 19,106	$ -	$ 108,285	$ 156,262
Accrued payroll	496	-	-	496	1,613
TOTAL LIABILITIES	89,675	19,106	-	108,781	157,875
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,267,294	-	-	2,267,294	2,413,239
TOTAL DEFERRED INFLOWS OF RESOURCES	2,267,294	-	-	2,267,294	2,413,239
FUND BALANCES:					
Restricted	-	4,141,671	43,919	4,185,590	4,393,132
Assigned	1,756,308	-	620,512	2,376,820	2,713,611
Unassigned	6,315,911	-	-	6,315,911	6,451,630
TOTAL FUND BALANCES	8,072,219	4,141,671	664,431	12,878,321	13,558,373
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$10,429,188	$ 4,160,777	$ 664,431	$15,254,396	$16,129,487

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

WEST GOSHEN TOWNSHIP
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
DECEMBER 31, 2012

TOTAL GOVERNMENTAL FUND BALANCES		$ 12,878,321
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Depreciable capital assets, net	$ 33,607,905	
Land	3,128,045	
Construction-in-progress	307,427	37,043,377
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 unavailable in the funds.		2,267,294
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Compensated absences	(654,546)	
Other post-employment benefits obligation	(1,685,200)	
Notes payable	(7,395,462)	(9,735,208)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 42,453,784

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, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

	Major Funds			Totals	
	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	2012	2011
REVENUES					
Taxes	$ 11,648,433	$ -	$ -	$ 11,648,433	$ 11,135,369
Licenses and permits	443,041	-	-	443,041	415,290
Fines, forfeits and costs	207,449	-	-	207,449	197,134
Investment earnings	57,214	6,158	1,482	64,854	77,132
Intergovernmental revenues	563,172	-	482,675	1,045,847	1,373,704
Charges for services/fees	605,174	-	4,500	609,674	603,543
Contributions	-	-	112,500	112,500	77,500
Miscellaneous revenue/other	169,795	-	-	169,795	84,776
TOTAL REVENUES	13,694,278	6,158	601,157	14,301,593	13,964,448
EXPENDITURES					
Current:					
General government	2,112,558	525	-	2,113,083	1,826,099
Public safety	6,459,638	-	-	6,459,638	6,376,953
Public works - highways and streets	2,645,628	740,737	463,884	3,850,249	5,533,956
Other public works	111,845	-	-	111,845	175,895
Library	2,500	-	-	2,500	2,500
Culture and recreation	1,343,221	193,306	4,818	1,541,345	1,350,480
Miscellaneous expenditures	-	-	6,500	6,500	11,047
Debt service:					
Principal	69,857	845,106	-	914,963	619,148
Interest	-	350,154	-	350,154	343,285
TOTAL EXPENDITURES	12,745,247	2,129,828	475,202	15,350,277	16,239,363
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	949,031	(2,123,670)	125,955	(1,048,684)	(2,274,915)
OTHER FINANCING SOURCES (USES)					
Note issuance	-	357,770	-	357,770	1,740,806
Sale of/compensation for sale of capital assets	36,000	-	-	36,000	7,514
Refund of prior year revenues	-	-	(25,138)	(25,138)	-
Transfers in	-	1,539,259	-	1,539,259	1,465,809
Transfers out	(1,350,153)	-	(189,106)	(1,539,259)	(1,465,809)
TOTAL OTHER FINANCING SOURCES (USES)	(1,314,153)	1,897,029	(214,244)	368,632	1,748,320
NET CHANGE IN FUND BALANCES	(365,122)	(226,641)	(88,289)	(680,052)	(526,595)
FUND BALANCES, BEGINNING OF YEAR	8,437,341	4,368,312	752,720	13,558,373	14,084,968
FUND BALANCES, END OF YEAR	$ 8,072,219	$ 4,141,671	$ 664,431	$ 12,878,321	$ 13,558,373

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

WEST GOSHEN TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (680,052)
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 ($1,922,747) exceeded capital outlays ($1,539,956) in the period.	(382,791)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenue decreased by this amount this year.	(145,945)
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 position 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.	(21,971)
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. This amount is the net effect of these differences in the treatment of long-term debt.	557,193
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – and other post-employment benefits 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).	(523,527)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (1,197,093)

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, 2012

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Real estate - current	$ 3,400,000	$ 3,375,071	$ (24,929)
Real estate - delinquent and interest	35,000	64,901	29,901
Real estate - interims	12,000	54,977	42,977
Real estate - transfer	500,000	709,390	209,390
Earned income tax	6,450,000	6,581,967	131,967
Emergency municipal services tax	900,000	862,127	(37,873)
Licenses and permits	413,850	443,041	29,191
Fines, forfeits and costs	167,000	207,449	40,449
Interest, dividends and rents	67,364	57,214	(10,150)
Intergovernmental revenues	555,644	563,172	7,528
Charges for services/fees	487,196	605,174	117,978
Miscellaneous revenue/other	15,080	169,795	154,715
TOTAL REVENUES	13,003,134	13,694,278	691,144
EXPENDITURES			
Current:			
General government:			
Administration	1,338,747	1,244,115	94,632
Auditing	27,550	27,480	70
Tax collection	125,114	129,230	(4,116)
Engineering and legal	283,175	258,739	24,436
Building maintenance	482,898	452,994	29,904
Total general government	2,257,484	2,112,558	144,926
Public safety:			
Police	5,410,368	5,409,613	755
Fire protection	806,189	788,665	17,524
Code enforcement	267,598	238,797	28,801
Planning and zoning	30,576	22,563	8,013
Total public safety	6,514,731	6,459,638	55,093
Public works - highways and streets:			
Administration	1,206,345	1,039,065	167,280
Winter maintenance	135,000	47,829	87,171
Road maintenance	874,139	767,037	107,102
Road construction	809,142	774,221	34,921
Storm water management	44,000	17,476	26,524
Total public works - highways and streets	3,068,626	2,645,628	422,998

Continued on next page.

WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES (cont'd)			
Other public works:			
Traffic signal maintenance	147,651	76,439	71,212
Street lighting	35,000	35,406	(406)
Total other public works	182,651	111,845	70,806
Library	2,500	2,500	-
Culture and recreation:			
Recreation	304,078	263,437	40,641
Parks	1,169,962	1,079,784	90,178
Total culture and recreation	1,474,040	1,343,221	130,819
Nondepartmental:			
Debt service - principal	73,313	69,857	3,456
TOTAL EXPENDITURES	13,573,345	12,745,247	828,098
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(570,211)	949,031	1,519,242
OTHER FINANCING SOURCES (USES)			
Sale of/compensation for capital assets	4,000	36,000	32,000
Transfers out	(1,419,500)	(1,350,153)	69,347
TOTAL OTHER FINANCING USES	(1,415,500)	(1,314,153)	101,347
NET CHANGE IN FUND BALANCE	(1,985,711)	(365,122)	1,620,589
FUND BALANCE, BEGINNING OF YEAR	7,905,351	8,437,341	531,990
FUND BALANCE, END OF YEAR	$ 5,919,640	$ 8,072,219	$ 2,152,579

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2012
(With Summarized Comparative Data for December 31, 2011)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2012	2011
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 1,948,541	$ 338,425	$ 189,452	$ -	$ 2,476,418	$ 7,709,802
Cash and cash equivalents, restricted	-	-	103,180	-	103,180	109,132
Investments	325,243	2,738	840,294	-	1,168,275	326,759
Investments, restricted	-	-	-	1,448,033	1,448,033	1,442,605
Accrued interest	-	-	12,206	-	12,206	-
Accounts receivable	1,219,841	791,184	30,891	-	2,041,916	1,933,743
Due from developers	-	-	15,849	-	15,849	15,849
Total Current Assets	3,493,625	1,132,347	1,191,872	1,448,033	7,265,877	11,537,890
Noncurrent Assets:						
Land	-	-	82,083	-	82,083	82,083
Construction-in-progress	-	-	108,429	-	108,429	3,824
Capital assets, net	423,163	-	19,163,369	-	19,586,532	20,411,657
Investments	-	-	5,106,319	-	5,106,319	-
Total Noncurrent Assets	423,163	-	24,460,200	-	24,883,363	20,497,564
TOTAL ASSETS	$ 3,916,788	$ 1,132,347	$ 25,652,072	$ 1,448,033	$ 32,149,240	$ 32,035,454
LIABILITIES AND NET POSITION						
Current Liabilities:						
Accounts payable	$ 49,754	$ 149,077	$ -	$ -	$ 198,831	$ 70,451
Due to other funds	-	100,000	-	-	100,000	200,000
Developer deposits	-	-	119,029	-	119,029	124,981
Compensated absences	14,526	178	-	-	14,704	13,988
Notes payable within one year	-	-	370,000	-	370,000	352,000
Total Current Liabilities	64,280	249,255	489,029	-	802,564	761,420
Noncurrent Liabilities:						
Compensated absences	192,988	2,363	-	-	195,351	185,845
Other post-employment benefits obligation	137,115	-	-	-	137,115	115,505
Notes payable	-	-	2,140,000	-	2,140,000	2,510,000
Total Noncurrent Liabilities	330,103	2,363	2,140,000	-	2,472,466	2,811,350
TOTAL LIABILITIES	394,383	251,618	2,629,029	-	3,275,030	3,572,770
NET POSITION						
Net investment in capital assets	423,163	-	16,843,881	-	17,267,044	17,635,564
Restricted	-	-	-	1,448,033	1,448,033	1,442,605
Unrestricted	3,099,242	880,729	6,179,162	-	10,159,133	9,384,515
TOTAL NET POSITION	3,522,405	880,729	23,023,043	1,448,033	28,874,210	28,462,684
TOTAL LIABILITIES AND NET POSITION	$ 3,916,788	$ 1,132,347	$ 25,652,072	$ 1,448,033	$ 32,149,240	$ 32,035,454

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

WEST GOSHEN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2012	2011
OPERATING REVENUES						
Fees	$ 4,240,008	$ 2,141,961	$ 300,269	$ -	$ 6,682,238	$ 6,353,649
Other	105,914	6,077	71,613	-	183,604	195,014
TOTAL OPERATING REVENUES	4,345,922	2,148,038	371,882	-	6,865,842	6,548,663
OPERATING EXPENSES						
Contracted services	-	2,172,907	-	-	2,172,907	1,953,969
Sewer collection	105,056	-	-	-	105,056	174,583
Sewer disposal	480,232	-	-	-	480,232	446,709
Salaries and wages	1,157,749	40,398	-	-	1,198,147	1,157,357
Engineering fees	-	-	19,398	-	19,398	8,646
Administration	68,385	31,780	183,419	-	283,584	233,717
Employee benefits	789,205	16,593	-	-	805,798	712,460
Supplies	-	1,154	-	-	1,154	40
Fuel and light	431,892	-	-	-	431,892	474,960
Repairs and maintenance	224,707	1,193	-	-	225,900	208,011
Depreciation	76,547	-	832,339	-	908,886	914,448
TOTAL OPERATING EXPENSES	3,333,773	2,264,025	1,035,156	-	6,632,954	6,284,900
OPERATING INCOME (LOSS)	1,012,149	(115,987)	(663,274)	-	232,888	263,763
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	4,866	1,346	28,004	5,428	39,644	16,777
Interest expense	-	-	(32,401)	-	(32,401)	(27,886)
Gain on disposal of capital assets	2,206	-	-	-	2,206	(11,427)
Unrealized gain on investments	-	-	11,748	-	11,748	-
Other nonoperating revenue	-	157,441	-	-	157,441	56,762
TOTAL NONOPERATING REVENUES	7,072	158,787	7,351	5,428	178,638	34,226
INCOME (LOSS) BEFORE TRANSFERS	1,019,221	42,800	(655,923)	5,428	411,526	297,989
Transfers in	-	-	411,901	-	411,901	435,265
Transfers out	(411,901)	-	-	-	(411,901)	(435,265)
CHANGE IN NET POSITION	607,320	42,800	(244,022)	5,428	411,526	297,989
NET POSITION, BEGINNING OF YEAR	2,915,085	837,929	23,267,065	1,442,605	28,462,684	28,164,695
NET POSITION, END OF YEAR	$ 3,522,405	$ 880,729	$ 23,023,043	$ 1,448,033	$ 28,874,210	$ 28,462,684

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, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:						
Received from customers	$4,228,347	$2,188,331	$ 340,991	$ -	$6,757,669	$6,689,650
Paid to suppliers for goods and services	(1,314,321)	(2,174,605)	(208,769)	-	(3,697,695)	(3,489,888)
Paid to employees for services	(1,911,461)	(60,652)	-	-	(1,972,113)	(1,839,871)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,002,565	(46,926)	132,222	-	1,087,861	1,359,891
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Grants received from state	-	157,441	-	-	157,441	56,762
Transfer from other funds	-	-	411,901	-	411,901	435,265
Transfer to other funds	(411,901)	-	-	-	(411,901)	(435,265)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(411,901)	157,441	411,901	-	157,441	56,762
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest paid	-	-	(32,401)	-	(32,401)	(27,886)
Principal payments	-	-	(352,000)	-	(352,000)	(336,000)
Proceeds from sale of capital assets	3,000	-	-	-	3,000	-
Cash paid for acquisition and construction of capital assets	(84,555)	-	(104,605)	-	(189,160)	(65,345)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(81,555)	-	(489,006)	-	(570,561)	(429,231)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and investment earnings	4,866	1,346	15,798	5,428	27,438	16,777
Purchases of investments, net of reinvestment	(1,219)	(3)	(5,934,865)	(5,428)	(5,941,515)	(12,028)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,647	1,343	(5,919,067)	-	(5,914,077)	4,749
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	512,756	111,858	(5,863,950)	-	(5,239,336)	992,171
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,435,785	226,567	6,156,582	-	7,818,934	6,826,763
CASH AND CASH EQUIVALENTS, END OF YEAR	$1,948,541	$ 338,425	$ 292,632	$ -	$2,579,598	$7,818,934

Continued on next page.

WEST GOSHEN TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

(cont'd)	Major Enterprise Funds Sewer Fund	Major Enterprise Funds Waste and Recycling Fund	Major Enterprise Funds Sewer Authority	Nonmajor Fund	Totals 2012	Totals 2011
Operating income (loss)	$1,012,149	$ (115,987)	$ (663,274)	$ -	$ 232,888	$ 263,763
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	76,547	-	832,339	-	908,886	914,448
Changes in net assets and liabilities:						
Accounts receivable	(117,575)	40,293	(30,891)	-	(108,173)	144,398
Due from developers	-	-	-	-	-	(3,411)
Developers' deposits	-	-	(5,952)	-	(5,952)	2,259
Accounts payable	(4,049)	32,429	-	-	28,380	8,488
Compensated absences	13,883	(3,661)	-	-	10,222	14,262
Other-post employment benefits obligation	21,610	-	-	-	21,610	15,684
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$1,002,565	$ (46,926)	$ 132,222	$ -	$1,087,861	$1,359,891
SUPPLEMENTAL INFORMATION:						
Cash and cash equivalents	$1,948,541	$ 338,425	$ 189,452	$ -	$2,476,418	$7,709,802
Cash and cash equivalents, restricted	-	-	103,180	-	103,180	109,132
	$1,948,541	$ 338,425	$ 292,632	$ -	$2,579,598	$7,818,934
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Unrealized gain on investments	$ -	$ -	$ 11,748	$ -	$ -	$ -

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2012

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and cash equivalents	$ 2,749,065
Insurance contracts, at contract value	1,492,066
Investments, at market value - mutual funds	16,757,282
TOTAL ASSETS	$ 20,998,413
LIABILITIES AND NET POSITION	
LIABILITIES	$ -
NET POSITION:	
Assets held in trust for pension and other employee benefits and pool participants	20,998,413
TOTAL LIABILITIES AND NET POSITION	$ 20,998,413

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

WEST GOSHEN TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

ADDITIONS	
Contributions:	
State aid	$ 425,557
Employer contributions	510,417
Member contributions	134,048
Total Contributions	1,070,022
Investment income:	
Net increase in fair value of investments	1,466,879
Realized gain on investment	79,339
Interest and dividends	481,010
Total Investment Income	2,027,228
TOTAL ADDITIONS	3,097,250
DEDUCTIONS	
Benefits paid	596,278
Administrative expenses	68,347
TOTAL DEDUCTIONS	664,625
CHANGE IN NET POSITION	2,432,625
NET POSITION, BEGINNING OF YEAR	18,565,788
NET POSITION, END OF YEAR	$ 20,998,413

The accompanying notes are an integral part of these 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

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, West Goshen Township is considered to be an independent reporting entity.

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 LLP; whose report dated May 24, 2013 is publicly available through the offices of West Goshen Township.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position 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

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

but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

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 position is reported as restricted when constraints placed on net position 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 position restricted for other purposes results from special revenue and capital projects funds and the restrictions on their net position 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.

Special revenue funds account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specified purposes. The special revenue funds of the Township are:

- The **State Fund** accounts for state revenues used primarily for building, improving and maintaining the Township's streets and bridges.

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

- The **Offsite Development Fund** accounts for revenues received from building contractors for open space projects. Expenditures consist of improvements to the Township's parks either by major capital installations or minor repairs to ball fields, tennis courts, etc.

- The **Zoning Hearing Fund** accounts for revenues received from third parties used to cover the costs of zoning appeals (e.g. attorney fees, advertising notices, court reporter fees, etc).

All of the Township's special revenue funds are considered to be nonmajor governmental funds. In addition, the Township also maintains a nonmajor capital projects fund.

The Township reports the following major 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, a blended component unit of the Township. The Authority operates the sewage treatment plant, sewage pumping stations and collection systems.

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

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

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 generally are 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.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily 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.

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

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.

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.

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

Restricted assets consist of developers' deposits and an operating reserve account established pursuant to the lease agreement between the Township and the Sewer Authority.

Investments

Investments 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."

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

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 entity-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.

Property, plant and equipment of the Township are 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. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

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

Fund Balances

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Township Supervisors. The Board is the highest level of decision-making authority for West Goshen Township. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has designated the Township Manager and Finance Director the authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

It is the policy of the Township to maintain a minimum general fund unassigned fund balance to be used for unanticipated emergencies of approximately 20 percent of all general operating expenditures in the preceding fiscal year measured on a generally accepted accounting principles ("GAAP") basis. In the event the unassigned fund balance drops below this minimum level, the Township shall plan to adjust budgeted resources in the subsequent fiscal years to restore the balance.

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. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

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 has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

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

Implementation of GASB Statements

During the current year, the Township implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus." This new guidance affects the treatment of component units within the financial statements. The implementation of this new Statement did not have an effect on the Township's current year financial statements.

During the current year, the Township implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This new guidance codifies pre-1989 standards set by the Financial Accounting Standards Board ("FASB") and the American Institute of Certified Public Accountants ("AICPA"), which are followed for proprietary fund and entity-wide reporting. The Township's notes to the financial statements have been revised to reflect the level of disclosure required by the new Statement.

During the current year, the Township elected to implement GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This new guidance creates two sections to the statement of net position (deferred outflows and deferred inflows) and revises other proprietary fund and entity-wide terminology as a result of this change. The Township's proprietary fund and entity-wide statement of net position have been revised to reflect the new terminology.

During the current year, the Township elected to implement GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This new guidance establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Township's financial statements have been revised to reflect this new standard.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 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, 2012, the carrying amount of

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

the Township's deposits was $16,146,177 (excludes the pension funds) and the bank balance was $16,248,604. Of the bank balance, $1,318,899 was covered by federal depository insurance and $11,821,925 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, 2012, $3,107,780 of the Township's deposits was 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 (Standard & Poor's rating of AAAm as of December 31, 2012) and is subject to an independent annual audit. Custodial credit risk information for the pension funds can be found in Notes 8, 9 and 10.

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, 2012, the Township had the following investments and maturities:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Certificates of deposit	$ 3,690,997	$ 250,000	$ 3,440,997	$ -	$ -
Municipal bonds	1,355,431	440,331	915,100	-	-
U.S. Agency bonds	900,185	149,963	750,222	-	-
Money market funds	2,948,534	2,948,534	-	-	-
TOTAL	$ 8,895,147	$ 3,788,828	$ 5,106,319	$ -	$ -

Investments in agencies of the U.S. Government have an implied but not explicit guarantee.

Information on the investments of the pension funds can be found in Notes 8, 9 and 10.

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, 2012, none of Township's investments were subject to custodial credit risk.

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

Interest Rate Risk

The Township has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2012, all of the Township's investments had maturity dates of less than five years.

Credit Risk

The Township has an investment policy which limits investment choices to those which are backed by the full faith and credit of the U.S. Government through either an explicit or implied manner. The Authority (blended component unit) does not have an investment policy to address credit risk of its investments. As of December 31, 2012, the Authority's investments in municipal bonds were rated as follows:

Tamaqua Pennsylvania Area School District - Not rated

Kennedy Township Pennsylvania - A+

Concentration Risk

As of December 31, 2012, the Authority's investments in municipal bonds comprised 15 percent of the Township's total investment. The Authority does not have an investment policy to address the concentration of its investments.

NOTE 3 INTERFUND ACTIVITY

The composition of interfund balances as of December 31, 2012 is as follows:

Receivable To:	Payable From:	Amount
General Fund	Waste and Recycling Fund	$ 100,000

Interfund balances represent temporary loans which will be repaid shortly after year end.

Interfund transfers:

Transfers out:		Transfers in:	
General Fund	$ 1,350,153	Capital Reserve	$ 1,539,259
Sewer Fund	411,901	Sewer Authority	411,901
Nonmajor governmental fund	189,106		
Total	$ 1,951,160	Total	$ 1,951,160

General fund transfers to the capital reserve fund were made to fund debt service payments and to set aside funds for future capital projects. The nonmajor governmental fund transfers to the capital reserve fund were made to fund current and future capital projects. The Sewer Fund transfer to the Sewer Authority represented the annual lease payment.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
General capital assets not being depreciated:				
Land	$ 3,128,045	$ -	$ -	$ 3,128,045
Construction-in-progress	5,816,756	727,963	(6,237,292)	307,427
Total general capital assets not being depreciated	8,944,801	727,963	(6,237,292)	3,435,472
General capital assets being depreciated:				
Buildings and improvements	7,071,154	4,314,458	-	11,385,612
Vehicles	2,360,284	525,576	(148,692)	2,737,168
Infrastructure	46,880,960	134,224	-	47,015,184
Land improvements	1,940,359	6,104	-	1,946,463
Machinery and equipment	3,802,092	2,068,923	(27,822)	5,843,193
Total general capital assets being depreciated	62,054,849	7,049,285	(176,514)	68,927,620
Accumulated depreciation:				
Buildings and improvements	1,504,808	208,568	-	1,713,376
Vehicles	1,264,352	315,308	(131,381)	1,448,279
Infrastructure	28,062,151	1,009,037	-	29,071,188
Land improvements	954,925	33,267	-	988,192
Machinery and equipment	1,765,275	356,567	(23,162)	2,098,680
Total accumulated depreciation	33,551,511	1,922,747	(154,543)	35,319,715
Total general capital assets being depreciated, net	28,503,338	5,126,538	(21,971)	33,607,905
Governmental Activities, Net	$37,448,139	$ 5,854,501	$(6,259,263)	$37,043,377
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 82,083	$ -	$ -	$ 82,083
Construction-in-progress	3,824	104,605	-	108,429
Total capital assets not being depreciated, net	85,907	104,605	-	190,512

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Collection system - Infrastructure	16,379,300	-	-	16,379,300
Land improvements	603,665	-	-	603,665
Buildings and improvements	12,660,768	-	-	12,660,768
Vehicles	575,869	-	-	575,869
Equipment	8,730,521	84,555	(7,938)	8,807,138
Total capital assets being depreciated	38,950,123	84,555	(7,938)	39,026,740
Accumulated depreciation:				
Collection system - Infrastructure	7,789,051	294,827	-	8,083,878
Land improvements	205,164	11,070	-	216,234
Buildings and improvements	6,103,524	285,637	-	6,389,161
Vehicles	297,362	56,738	-	354,100
Equipment	4,143,365	260,614	(7,144)	4,396,834
Total accumulated depreciation	18,538,466	908,886	(7,144)	19,440,208
Total capital assets being depreciated, net	20,411,657	(824,331)	(794)	19,586,532
Business-type Activities, Net	$20,497,564	$ (719,726)	$ (794)	$19,777,044

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

Governmental Activities:	
General government	$ 126,727
Public safety	124,700
Public works	1,468,504
Culture and recreation	202,816
Total Depreciation Expense - Governmental Activities	$ 1,922,747
Business-type Activities:	
Sewer operations	$ 908,886

NOTE 5 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.	$ 2,679,000
TD Bank, N.A. - General Obligation Note with interest at a fixed rate of 3.88% per annum, payable monthly. Maturity date is December 31, 2021. The remaining funds available to be drawn as of December 31, 2012 are $128,845.	4,716,462
	7,395,462

Business-type Activities:

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, 2012, the interest rate is 1.164%. Maturity date is July 25, 2018.	2,510,000
Grand Total	$ 9,905,462

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

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Maturities
2013	$ 882,142	$ 313,677	$ 1,195,819
2014	919,557	274,725	1,194,282
2015	958,750	234,110	1,192,860
2016	999,752	191,754	1,191,506
2017	1,041,993	148,177	1,190,170
2018 - 2021	2,722,113	188,664	2,910,777
Amount not requisitioned	(128,845)	-	(128,845)
	$ 7,395,462	$ 1,351,107	$ 8,746,569

NOTE 5 LONG-TERM DEBT (cont'd)

Business-type Activities:

Year Ending December 31,	Principal	Interest	Total Maturities
2013	$ 370,000	$ 34,883	$ 404,883
2014	388,000	30,489	418,489
2015	407,000	25,881	432,881
2016	427,000	21,046	448,046
2017	448,000	15,974	463,974
2018	470,000	10,653	480,653
	$ 2,510,000	$ 138,926	$ 2,648,926

A schedule of changes in debt is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation notes	$ 7,882,798	$ 357,770	$ 845,106	$ 7,395,462	$ 882,142
Capital leases payable	69,857	-	69,857	-	-
Compensated absences	608,030	417,598	371,082	654,546	45,818
OPEB obligation	1,208,189	477,011	-	1,685,200	-
Total Governmental Activities	$ 9,768,874	$ 1,252,379	$ 1,286,045	$ 9,735,208	$ 927,960
Business-type Activities:					
Sewer revenue notes	$ 2,862,000	$ -	$ 352,000	$ 2,510,000	$ 370,000
Compensated absences	199,833	127,346	117,124	210,055	14,704
OPEB obligation	115,505	21,610	-	137,115	-
Total Business-type Activities	$ 3,177,338	$ 148,956	$ 469,124	$ 2,857,170	$ 384,704

For the year ended December 31, 2012, interest expense in the amount of $32,401 was recorded as a direct expense of the sewer function.

NOTE 6 TAXES

For 2012, the following tax was levied on assessed value of real estate:

2.00 mills for general purposes

The taxable assessed valuation of property as of December 31, 2012 was $1,766,649,613.

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

NOTE 6 TAXES (cont'd)

Other taxes levied in 2012:

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

NOTE 7 FUND BALANCES

As of December 31, 2012, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total Governmental Funds
Restricted				
Capital projects	$ -	$ 4,141,671	$ -	$ 4,141,671
Highways and streets	-	-	43,919	43,919
Assigned				
2013 budget	1,756,308	-	-	1,756,308
Open space projects	-	-	564,729	564,729
Zoning hearing	-	-	1,001	1,001
Capital projects	-	-	54,782	54,782
Unassigned	6,315,911	-	-	6,315,911
Total Fund Balances	$ 8,072,219	$ 4,141,671	$ 664,431	$ 12,878,321

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, Bryn Mawr Trust 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, 2011, the most recent actuarial date, disclosed that plan membership consisted of the following:

Active employees	29
Retirees and beneficiaries currently receiving benefits	12
Total	41

NOTE 8 POLICE PENSION FUND (cont'd)

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2011, disclosed that the pension plan benefit provisions are as follows:

Members 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 $100 per month for each year of service in excess of 25 years but not more than $500 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.

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

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.

Any member who has been a regularly appointed employee for a period of at least six months and who, thereafter, enters into active military service of the United States shall receive credit for all such active military services if he or she returns to employment within six months after his or her separation from active military service.

If a member enters into active military duty prior to becoming an active employee of the Township, he or she shall receive credit for each year of active military service or a fraction thereof for a period not to exceed five years.

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.

NOTE 8 POLICE PENSION FUND (cont'd)

Method Used to Value Investments

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

The Plan's 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, 2012, the carrying amount of the Plan's deposits was $495,402, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Plan's name. None of this balance was subject to custodial credit risk.

Investments

The Investment objective of the 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, 2012, the Plan had the following investments:

Investment Type	Fair Value
Equity mutual funds	$ 6,895,138
Fixed income funds	2,971,924
Unallocated insurance contract	687,564
TOTAL	$ 10,554,626

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.

NOTE 8 POLICE PENSION FUND (cont'd)

Contributions

The Commonwealth of Pennsylvania Act 205 ("Act 205") requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state contribution must be funded by the employer in accordance with Act 205. In addition to the MMO, employees were required to contribute five percent to the Plan during 2012.

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.

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed basis. The remaining amortization period was at six years.

Funded Status and Funding Progress

The funded status of the Plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2011	$10,047,201	$10,789,601	$ 742,400	93.1%	$2,632,976	28.2%

The schedule of funding progress presented as required supplementary information ("RSI") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

NOTE 8 POLICE PENSION FUND (cont'd)

Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2010	$346,962	100.0%	***
2011	$375,872	100.0%	$742,200
2012	$386,005	100.0%	***

*** The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting.

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, Bryn Mawr Trust 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, 2011, the most recent actuarial date, disclosed that plan membership consisted of the following:

Active employees	43
Retirees and beneficiaries currently receiving benefits	11
Vested terminated members	13
Total	67

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2011, disclosed that the pension plan benefit provisions are as follows:

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

Members 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.

Members 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 a member continues working after the normal retirement date, the pension benefit does not start until the member 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.

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.

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.

Method Used to Value Investments

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

The Plan's 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, 2012, the carrying amount of the Plan's deposits was $62,838, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Plan's name. None of this balance was subject to custodial credit risk.

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

Investments

The Investment objective of the 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, 2012, the Plan had the following investments:

	Fair Value
Equity mutual funds	$ 2,935,580
Fixed income funds	1,282,780
Unallocated insurance contract	411,644
TOTAL	$ 4,630,004

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

The Commonwealth of Pennsylvania Act 205 ("Act 205") requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state contribution 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.

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2011 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 remaining amortization period was 14 years.

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

Funded Status and Funding Progress

The funded status of the Plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2011	$4,258,131	$4,878,524	$ 620,393	87.3%	$2,167,797	28.6%

The schedule of funding progress presented as required supplementary information ("RSI") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2010	$185,993	100.0%	***
2011	$218,297	100.0%	$620,393
2012	$219,956	100.0%	***

*** The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting.

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, Bryn Mawr Trust 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.

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, 2011, the most recent actuarial date, disclosed that plan membership consisted of the following:

Active employees	23
Retirees and beneficiaries currently receiving benefits	8
Vested terminated members	4
Total	35

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2011, disclosed that the pension plan benefit provisions are as follows:

Members 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.

Members 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 a member 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.

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.

NOTE 10 SEWER PENSION PLAN (cont'd)

Method Used to Value Investments

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

The Plan's 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, 2012, the carrying amount of the Sewer Pension Plan's deposits was $119,519, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Plan's name. None of this balance was subject to custodial credit risk.

Investments

The investment objective of the 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, 2012, the Plan had the following investments:

	Fair Value
Equity mutual funds	$ 1,941,811
Fixed income mutual funds	730,048
Unallocated insurance contract	392,859
TOTAL	$ 3,064,718

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.

NOTE 10 SEWER PENSION PLAN (cont'd)

Contributions

The Commonwealth of Pennsylvania Act 205 ("Act 205") requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state contribution 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.

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed basis. The remaining amortization period was six years.

Funded Status and Funding Progress

The funded status of the Plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2011	$2,851,190	$3,260,760	$ 409,750	87.4%	$1,066,174	38.4%

The schedule of funding progress presented as required supplementary information ("RSI") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

NOTE 10 SEWER PENSION PLAN (cont'd)

Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2010	$143,271	100.0%	***
2011	$152,522	100.0%	$409,570
2012	$157,737	100.0%	***

*** The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting.

NOTE 11 OTHER POST-EMPLOYMENT 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.

Description of Plans

The Township's Police and Non-Uniformed Post-Retirement Medical Benefit Plans are single-employer plans controlled by Township ordinances, as amended. The Plans are governed by the Board of Township Supervisors, which is responsible for the management of the Plans' assets. The Plans do not issue any financial report. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the Plans and paid from the general fund, which is reimbursed as investments are liquidated.

Medical Benefits Payable Upon Retirement

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.

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 Plans 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.

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

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.

Funding Policy

The contribution requirements of the Plans' members are established and may be amended by the Board of Supervisors. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of Supervisors. Member contributions are not required under the Plans.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's OPEB cost for the year, the amount actually contributed to the Plans and changes in the Township's net OPEB obligation to the Plans.

Annual required contribution	$ 640,860
Interest on net OPEB obligation	59,567
Adjustment to annual required contribution	(81,264)
Annual OPEB cost (expense)	619,163
Contributions made	(120,542)
Increase in net OPEB obligation	498,621
Net OPEB obligation - beginning of year	1,323,694
Net OPEB obligation - end of year	$1,822,315

The Township's annual OPEB cost, contributions, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended June 30	Annual OPEB Cost	Contributions	Percentage Contributed	Net OPEB Obligation
2010	$ 521,385	$ 73,982	14.19%	$ 925,877
2011	$ 514,051	$ 116,234	22.61%	$ 1,323,694
2012	$ 619,163	$ 120,542	19.47%	$ 1,822,315

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the Plans were 0.00 percent funded. The actuarial accrued liability for benefits was $4,844,519, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability ("UAAL") of $4,844,519. The covered payroll (annual payroll of active employees covered by the Plans) was $6,261,206, and the ratio of the UAAL to the covered payroll was 77.37 percent.

The schedule of funding progress presented as required supplementary information ("RSI") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return and an annual healthcare cost trend rate of 7.5 percent, reduced by decrements of 0.5 percent per year to an ultimate rate of 5.5 percent in 2016. The UAAL is being amortized based on the level dollar, 30-year open period. The remaining amortization period at December 31, 2012 was 27 years.

NOTE 12 CONTINGENT LIABILITIES

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 expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 12 CONTINGENT LIABILITIES (cont'd)

The West Goshen Sewer Authority has been funding a legal effort to prevent the United States Environmental Protection Agency ("EPA") from adopting new nutrient discharge limitations. In 2012, the Authority filed Civil Action against the EPA, to challenge action taken by the EPA in its establishment of a TMDL (phosphorus) for Goose Creek. These limits will affect all stormwater and wastewater dischargers in Chester Creek, including the West Goshen Sewer Authority. The outcome of these efforts 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 13 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.

NOTE 14 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 2012 and 2011, the State made contributions of $425,557 and $660,379, 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 15 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2012:

General Fund:

General government:		
Tax collection	$	4,116
Public works - highways and streets:		
Street Lighting	$	406

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

NOTE 16 COMMITMENTS

During fiscal year 2009, the Township entered into a fire protection contract with the Borough of West Chester to provide fire protection services to the Township through 2013 at a cost of $240,332 per year.

Future minimum contract obligations as of December 31, 2012 are as follows:

Year Ending December 31,	
2013	$ 240,332

As of December 31, 2012, the Authority incurred costs of $307,427 for capital improvement projects that are not under formal commitments.

As of December 31, 2012, the West Goshen Township Sewer Authority incurred costs of $108,429 for capital improvement projects that are not under formal commitments.

NOTE 17 RESTATEMENT

The Township has adjusted its beginning net position of its governmental activities due to the effects of implementing GASB Statement No. 65. Under this Statement, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than capitalized and amortized over the life of the debt. The effect of this adjustment was to decrease net position of its governmental activities as of January 1, 2011 by $34,015.

NOTE 18 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 12, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WEST GOSHEN TOWNSHIP
POLICE PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Ten-year historical trend information about the Plan is presented herewith as required supplementary information. It is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The ten-year historical information required to be disclosed, beginning as of January 1, 2003, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/03	4,418,044	6,266,681	70.5%	1,848,637	1,822,170	101.5%
1/1/04	*	*	*	*	*	*
1/1/05	5,910,986	7,384,825	80.0%	1,473,839	2,057,978	71.6%
1/1/06	*	*	*	*	*	*
1/1/07	7,735,661	8,369,244	92.4%	633,583	2,131,465	29.7%
1/1/08	*	*	*	*	*	*
1/1/09	8,706,023	8,864,026	98.2%	158,003	2,260,154	7.0%
1/1/10	*	*	*	*	*	*
1/1/11	10,047,201	10,789,601	93.1%	742,400	2,632,976	28.2%
1/1/12	*	*	*	*	*	*

*Not available due to biennially required Act 205 report.

WEST GOSHEN TOWNSHIP
POLICE PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2003	207,813	100.0%
2004	210,364	100.0%
2005	384,698	100.0%
2006	375,796	100.0%
2007	380,134	100.0%
2008	317,189	100.0%
2009	323,737	100.0%
2010	346,962	100.0%
2011	375,872	100.0%
2012	386,005	100.0%

WEST GOSHEN TOWNSHIP
POLICE PENSION FUND

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	6 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.0% per annum, compounded annually
Projected salary increases	5.0% per annum, compounded annually
Cost of living adjustments	None

WEST GOSHEN TOWNSHIP
NON-UNIFORMED PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Ten-year historical trend information about the Plan is presented herewith as required supplementary information. It is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The ten-year historical information required to be disclosed, beginning as of January 1, 2003 is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/03	1,863,173	2,296,824	81.1%	433,651	1,517,413	28.6 %
1/1/04	*	*	*	*	*	*
1/1/05	2,574,787	2,845,058	90.5%	270,271	1,694,943	15.9 %
1/1/06	*	*	*	*	*	*
1/1/07	3,338,214	3,135,654	106.5%	(202,560)	1,854,366	(10.9)%
1/1/08	*	*	*	*	*	*
1/1/09	3,706,323	3,763,518	98.5%	57,195	2,041,108	2.8 %
1/1/10	*	*	*	*	*	*
1/1/11	4,258,131	4,878,524	87.3%	620,393	2,167,797	28.6%
1/1/12	*	*	*	*	*	*

*Not available due to biennially required Act 205 report.

WEST GOSHEN TOWNSHIP
NON-UNIFORMED PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2003	181,499	100.0%
2004	175,814	100.0%
2005	219,414	100.0%
2006	210,308	100.0%
2007	211,794	100.0%
2008	166,814	100.0%
2009	181,383	100.0%
2010	185,993	100.0%
2011	218,297	100.0%
2012	219,956	100.0%

WEST GOSHEN TOWNSHIP
NON-UNIFORMED PENSION FUND

NOTES TO SUPPLEMENTARY SCHEDULES

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level Dollar Closed
Remaining amortization period	14
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.0% per annum, compounded annually
Projected salary increases	5.0% per annum, compounded annually
Cost of living adjustments	None

WEST GOSHEN TOWNSHIP
SEWER PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Ten-year historical trend information about the Plan is presented herewith as required supplementary information. It is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The ten-year historical information required to be disclosed, beginning as of January 1, 2003, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/03	1,165,709	1,700,202	68.6%	534,493	737,055	72.5%
1/1/04	*	*	*	*	*	*
1/1/05	1,588,682	2,099,123	75.7%	510,441	836,643	61.0%
1/1/06	*	*	*	*	*	*
1/1/07	2,118,752	2,365,063	89.6%	246,311	880,513	28.0%
1/1/08	*	*	*	*	*	*
1/1/09	2,424,428	2,629,514	92.2%	205,086	976,927	21.0%
1/1/10	*	*	*	*	*	*
1/1/11	2,851,190	3,260,760	87.4%	409,570	1,066,174	38.4%
1/1/12	*	*	*	*	*	*

*Not available due to biennially required Act 205 report.

WEST GOSHEN TOWNSHIP
SEWER PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2003	89,378	100.0%
2004	111,127	100.0%
2005	142,095	100.0%
2006	144,776	100.0%
2007	148,467	100.0%
2008	130,534	100.0%
2009	134,681	100.0%
2010	143,271	100.0%
2011	152,522	100.0%
2012	157,737	100.0%

WEST GOSHEN TOWNSHIP
SEWER PENSION FUND

NOTES TO SUPPLEMENTARY SCHEDULES

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	6 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.0% per annum, compounded annually
Projected salary increases	5.0% per annum, compounded annually
Cost of living adjustments	None

WEST GOSHEN TOWNSHIP
SCHEDULE OF FUNDING PROGRESS - POST-EMPLOYMENT HEALTHCARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Plan is presented herewith as required supplementary information. It is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other state and local government retirement systems.

The historical trend information required to be disclosed is below. The January 1, 2009 valuation was the first time a valuation for the Plan was required.

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets (a)	(3) Actuarial Accrued Liability (AAL) -Entry Age (b)	(4) Unfunded AAL (UAAL) (b)-(a)	(5) Funded Ratio (a)/(b)	(6) Covered Payroll (c)	(7) UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
01/01/09	$ -	$ 3,849,976	$ 3,849,976	0.0%	$ 5,277,559	72.95%
01/01/12	-	$ 4,844,519	$ 4,844,519	0.0%	$ 6,261,206	77.37%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

WEST GOSHEN TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES
DECEMBER 31, 2012
(With Summarized Comparative Data for December 31, 2011)

	Special Revenue Funds					Totals	
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Capital Projects Fund	2012	2011
ASSETS							
Cash and cash equivalents	$ 43,919	$ -	$ 564,729	$ 1,001	$ 54,782	$ 664,431	$ 752,720
TOTAL ASSETS	$ 43,919	$ -	$ 564,729	$ 1,001	$ 54,782	$ 664,431	$ 752,720
LIABILITIES AND FUND BALANCE							
LIABILITIES	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCE:							
Restricted	43,919	-	-	-	-	43,919	24,820
Assigned	-	-	564,729	1,001	54,782	620,512	727,900
Total Fund Balance	43,919	-	564,729	1,001	54,782	664,431	752,720
TOTAL LIABILITIES AND FUND BALANCE	$ 43,919	$ -	$ 564,729	$ 1,001	$ 54,782	$ 664,431	$ 752,720

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Data for the Year Ended December 31, 2011)

		Special Revenue Funds				Totals	
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Capital Projects Fund	2012	2011
REVENUES:							
Investment earnings	$ 308	$ 2	$ 1,027	$ 14	$ 131	$ 1,482	$ 1,862
Intergovernmental revenues	482,675	-	-	-	-	482,675	459,013
Charges for services	-	-	-	4,500	-	4,500	6,500
Contributions	-	-	112,500	-	-	112,500	77,500
Escrowed real estate taxes	-	-	-	-	-	-	25,066
TOTAL REVENUES	482,983	2	113,527	4,514	131	601,157	569,941
EXPENDITURES:							
Public works - highways and streets	463,884	-	-	-	-	463,884	531,555
Culture and recreation	-	4,818	-	-	-	4,818	-
Miscellaneous expenditures	-	-	-	6,500	-	6,500	11,047
Total Expenditures	463,884	4,818	-	6,500	-	475,202	542,602
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,099	(4,816)	113,527	(1,986)	131	125,955	27,339
OTHER FINANCING SOURCES (USES)							
Refund of prior year revenues	-	-	-	(25,138)	-	(25,138)	-
Interfund transfers	-	-	(189,106)	-	-	(189,106)	(237,612)
TOTAL OTHER FINANCING USES	-	-	(189,106)	(25,138)	-	(214,244)	(237,612)
NET CHANGE IN FUND BALANCES	19,099	(4,816)	(75,579)	(27,124)	131	(88,289)	(210,273)
FUND BALANCE, BEGINNING OF YEAR	24,820	4,816	640,308	28,125	54,651	752,720	962,993
FUND BALANCE, END OF YEAR	$ 43,919	$ -	$ 564,729	$ 1,001	$ 54,782	$ 664,431	$ 752,720

WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUND TYPE - CAPITAL RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Investment earnings	$ 13,300	$ 6,158	$ (7,142)
TOTAL REVENUES	13,300	6,158	(7,142)
EXPENDITURES			
General government	5,000	525	4,475
Public works - highways and streets	1,034,392	740,737	293,655
Culture and recreation	177,955	193,306	(15,351)
Debt service:			
Principal	836,000	845,106	(9,106)
Interest	381,000	350,154	30,846
TOTAL EXPENDITURES	2,434,347	2,129,828	304,519
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,421,047)	(2,123,670)	297,377
OTHER FINANCING SOURCES:			
Note issuance	504,666	357,770	(146,896)
Interfund transfers	1,697,455	1,539,259	(158,196)
TOTAL OTHER FINANCING SOURCES	2,202,121	1,897,029	(305,092)
NET CHANGE IN FUND BALANCE	(218,926)	(226,641)	(7,715)
FUND BALANCE, BEGINNING OF YEAR	4,232,393	4,368,312	(135,919)
FUND BALANCE, END OF YEAR	$ 4,013,467	$ 4,141,671	$ (143,634)

WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUND TYPE - STATE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Investment earnings	$ 500	$ 308	$ (192)
State grants	475,419	482,675	7,256
TOTAL REVENUES	475,919	482,983	7,064
EXPENDITURES			
Public works - highways and streets	475,000	463,884	11,116
TOTAL EXPENDITURES	475,000	463,884	11,116
EXCESS OF REVENUES OVER EXPENDITURES	919	19,099	18,180
NET CHANGE IN FUND BALANCE	919	19,099	18,180
FUND BALANCE, BEGINNING OF YEAR	24,827	24,820	(7)
FUND BALANCE, END OF YEAR	$ 25,746	$ 43,919	$ 18,173

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2012

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals 2012	Totals 2011
ASSETS							
Cash and cash equivalents	$ 957,212	$ 1,114,094	$ 495,402	$ 62,838	$ 119,519	$ 2,749,065	$ 2,398,172
Insurance contracts, at contract value	-	-	687,563	411,644	392,859	1,492,066	1,549,791
Investments, at market value - mutual funds	-	-	9,867,063	4,218,360	2,671,859	16,757,282	14,617,825
TOTAL ASSETS	$ 957,212	$ 1,114,094	$11,050,028	$ 4,692,842	$ 3,184,237	$ 20,998,413	$ 18,565,788
LIABILITIES AND NET POSITION							
LIABILITIES	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET POSITION							
Assets held in trust for pension benefits	957,212	1,114,094	11,050,028	4,692,842	3,184,237	20,998,413	18,565,788
TOTAL LIABILITIES AND NET POSITION	$ 957,212	$ 1,114,094	$11,050,028	$ 4,692,842	$ 3,184,237	$ 20,998,413	$ 18,565,788

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals 2012	Totals 2011
ADDITIONS AND INVESTMENT INCOME							
Contributions:							
State aid	$ -	$ -	$ 215,094	$ 122,567	$ 87,896	$ 425,557	$ 660,379
Employer contribution	68,852	103,424	170,911	97,389	69,841	510,417	253,571
Employee contribution	-	-	134,048	-	-	134,048	188,386
Total Contributions	68,852	103,424	520,053	219,956	157,737	1,070,022	1,102,336
Investment Income:							
Net increase (decrease) in fair value of investments	-	-	858,901	366,085	241,893	1,466,879	(463,767)
Realized gain on investment	-	-	47,621	19,946	11,772	79,339	81,156
Interest and dividends	1,350	1,553	272,926	121,964	83,217	481,010	452,198
Net Investment Income	1,350	1,553	1,179,448	507,995	336,882	2,027,228	69,587
TOTAL ADDITIONS AND INVESTMENT INCOME	70,202	104,977	1,699,501	727,951	494,619	3,097,250	1,171,923
DEDUCTIONS							
Benefits paid	-	-	366,036	170,338	59,904	596,278	527,629
Administrative and other expenses	-	11,242	29,449	15,234	12,422	68,347	69,317
TOTAL DEDUCTIONS	-	11,242	395,485	185,572	72,326	664,625	596,946
CHANGE IN PLAN NET POSITION	70,202	93,735	1,304,016	542,379	422,293	2,432,625	574,977
NET POSITION, BEGINNING OF YEAR	887,010	1,020,359	9,746,012	4,150,463	2,761,944	18,565,788	17,990,811
NET POSITION, END OF YEAR	$ 957,212	$ 1,114,094	$11,050,028	$ 4,692,842	$ 3,184,237	$20,998,413	$18,565,788

WEST GOSHEN TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
ASSETS				
Cash and cash equivalents	$ 66,550	$ -	$ (66,550)	$ -
TOTAL ASSETS	$ 66,550	$ -	$ (66,550)	$ -
LIABILITIES				
Escrow deposits	$ 66,550	$ -	$ (66,550)	$ -
TOTAL LIABILITIES	$ 66,550	$ -	$ (66,550)	$ -

STATISTICAL SECTION

WEST GOSHEN TOWNSHIP
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	$ 7,177,865 [1]	$ 29,362,825	$ 29,291,900	$ 30,458,442	$ 29,894,890	$ 29,891,898	$ 29,263,767	$ 29,552,780	$ 29,495,484	$ 29,647,915
Restricted	4,601,458	4,912,249	5,206,353	4,914,618	7,074,261	6,336,140	4,980,975	4,524,186	4,393,132	4,185,590
Unrestricted	5,862,544	6,800,461	7,621,651	9,811,142	11,555,617	10,932,256	10,613,470	10,397,645	9,762,261	8,620,279
Total governmental activities net position	$ 17,641,867	$ 41,075,535	$ 42,119,904	$ 45,184,202	$ 48,524,768	$ 47,160,294	$ 44,858,212	$ 44,474,611	$ 43,650,877	$ 42,453,784
Business-type activities										
Invested in capital assets, net of related debt	$ 12,570,041	$ 12,890,021	$ 13,432,273	$ 13,794,285	$ 14,437,864	$ 14,747,693	$ 15,864,175	$ 18,160,094	$ 17,635,564	$ 17,267,044
Restricted	7,931,475	7,711,315	9,151,259	9,288,289	9,930,033	10,201,477	9,137,829	1,432,798	1,442,605	1,448,033
Unrestricted	6,886,883	6,779,101	5,373,688	5,148,304	4,342,442	2,833,025	2,474,945	8,571,803	9,384,515	10,159,133
Total business-type activities net position	$ 27,388,399	$ 27,380,437	$ 27,957,220	$ 28,230,878	$ 28,710,339	$ 27,782,195	$ 27,476,949	$ 28,164,695	$ 28,462,684	$ 28,874,210
Primary government										
Net investment in capital assets	$ 19,747,906	$ 42,252,846	$ 42,724,173	$ 44,252,727	$ 44,332,754	$ 44,639,591	$ 45,127,942	$ 47,712,874	$ 47,131,048	$ 46,914,959
Restricted	12,532,933	12,623,564	14,357,612	14,202,907	17,004,294	16,537,617	14,118,804	5,956,984	5,835,737	5,633,623
Unrestricted	12,749,427	13,579,562	12,995,339	14,959,446	15,898,059	13,765,281	13,088,415	18,969,448	19,146,776	18,779,412
Total primary government net position	$ 45,030,266	$ 68,455,972	$ 70,077,124	$ 73,415,080	$ 77,235,107	$ 74,942,489	$ 72,335,161	$ 72,639,306	$ 72,113,561	$ 71,327,994

Notes:

Tenth full year of full-accrual basis accounting.

[1] First year valuation of infrastructure incorporated in the year 2004.

WEST GOSHEN TOWNSHIP
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

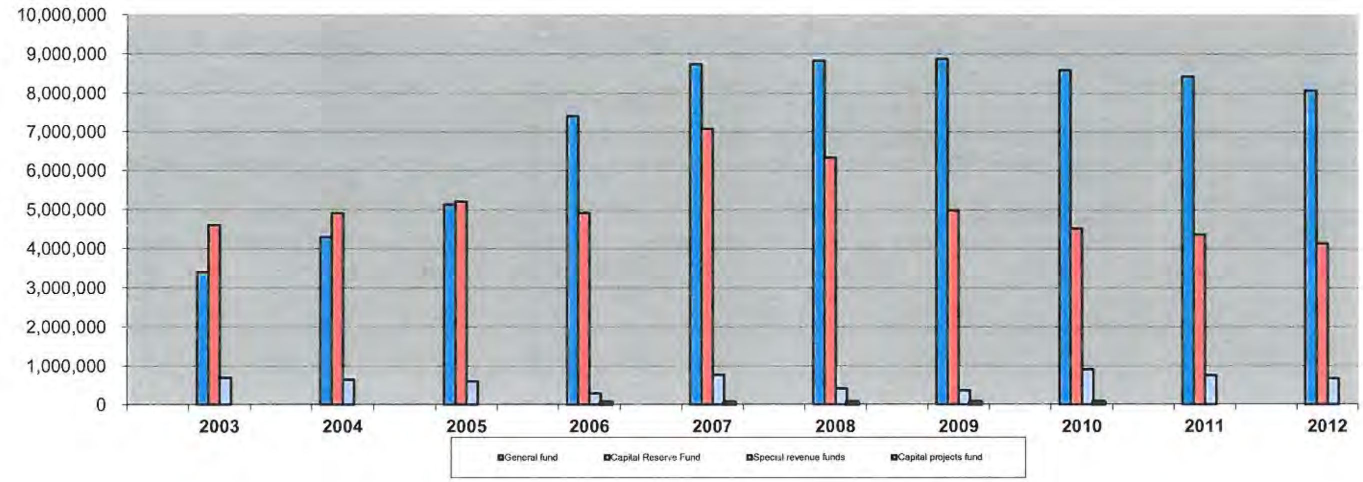
	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	$ 1,669,859	$ 1,645,510	$ 1,786,077	$ 1,801,333	$ 1,962,787	$ 2,195,329	$ 3,062,908	$ 2,572,960	$ 2,285,489
Public safety	4,481,480	4,880,795	4,875,689	5,030,088	5,392,394	6,010,813	6,464,674	6,592,175	6,787,133
Public works - highways and streets	2,556,659 [1]	2,293,828	3,564,444	2,508,014	4,476,834	4,704,387	3,565,666	4,242,422	4,366,789
Other public works	135,560	114,056	128,088	161,236	169,750	234,457	121,795	54,681	86,940
Library	5,000	5,000	2,500	-	-	-	-	2,500	2,500
Culture and recreation	924,619	944,821	974,352	1,138,543	1,172,675	1,240,395	1,330,682	1,239,590	1,489,677
Interest expense	289,813	296,603	285,034	259,426	228,118	209,898	203,763	343,285	350,154
Total governmental activities expenses	10,062,990	10,180,613	11,616,184	10,898,640	13,402,558	14,595,279	14,749,488	15,047,613	15,368,682
Business-type activities:									
Sewer operations	3,709,370	3,629,272	3,832,230	3,946,488	4,099,172	4,173,511	4,280,226	4,278,235	4,401,330
Waste and recycling	1,368,059	1,384,567	1,513,684	1,866,119	2,248,783	1,918,726	2,031,249	2,045,978	2,264,025
Total business-type activities expenses	5,077,429	5,013,839	5,345,914	5,812,607	6,347,955	6,092,237	6,311,475	6,324,213	6,665,355
Total Primary Government Expenses	$ 15,140,419	$ 15,194,452	$ 16,962,098	$ 16,711,247	$ 19,750,513	$ 20,687,516	$ 21,060,963	$ 21,371,826	$ 22,034,037
Program Revenues									
Governmental activities:									
Charges for services:									
General government	$ 54,377	$ 84,648	$ 59,730	$ 46,597	$ 50,765	$ 171,842	$ 51,943	$ 85,974	$ 71,529
Public safety	461,000	449,618	571,772	666,253	656,706	478,796	507,756	681,265	711,130
Culture and recreation	103,152	72,081	156,726	127,436	120,724	93,485	696,996	151,485	187,762
Operating grants and contributions	799,994	851,335	900,305	932,610	977,851	958,303	1,033,480	1,354,353	1,027,497
Capital grants and contributions	40,000	187,413	403,396	740,071	130,030	25,304	751,137	-	-
Total governmental activities program revenues	1,458,523	1,645,095	2,091,929	2,512,967	1,936,076	1,727,730	3,041,312	2,273,077	1,997,918
Business-type activities:									
Charges for services:									
Sewer operations	3,248,029	3,307,995	3,742,250	3,523,981	3,533,792	3,944,184	4,647,430	4,264,989	4,629,908
Waste and recycling	1,358,002	1,365,572	1,370,204	1,377,304	1,394,321	1,758,456	2,136,619	2,148,782	2,148,038
Operating grants and contributions	246,287 [2]	108,451	134,571	139,267	136,321	103,055	190,264	191,654	245,337
Capital grants and contributions	-	424,427 [4]	245,954	-	98,854	-	-	-	-
Total business-type activities program revenues	4,852,318	5,206,445	5,492,979	5,040,552	5,163,288	5,805,695	6,974,313	6,605,425	7,023,283
Total Primary Government Program Revenues	$ 6,310,841	$ 6,851,540	$ 7,584,908	$ 7,553,519	$ 7,099,364	$ 7,533,425	$ 10,015,625	$ 8,878,502	$ 9,021,201
Net (expense)/revenue									
Governmental activities	$ (8,604,467)	$ (8,535,518)	$ (9,524,255)	$ (8,385,673)	$(11,466,482)	$(12,867,549)	$(11,708,176)	$(12,778,316)	$(13,370,764)
Business-type activities	(225,111)	192,606	147,065	(772,055)	(1,184,667)	(286,542)	662,838	281,212	357,928
Total primary government net expense	$ (8,829,578)	$ (8,342,912)	$ (9,377,190)	$ (9,157,728)	$(12,651,149)	$(13,154,091)	$(11,045,338)	$(12,497,104)	$(13,012,836)

WEST GOSHEN TOWNSHIP
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position									
Governmental activities:									
Taxes									
Real estate taxes	$ 2,481,655 [3]	$ 2,523,930	$ 2,554,040	$ 2,551,015	$ 2,590,007	$ 2,601,082	$ 3,451,584 [5]	$ 3,458,714	$ 3,458,366
Real estate transfer taxes	921,849	744,094	783,750	861,761	564,294	441,286	462,798	568,142	709,390
Earned income taxes	5,113,634	5,632,133	6,708,791	6,530,198	5,386,742	6,264,503	5,999,465	6,366,105	6,447,467
Emergency Municipal Services Tax	-	-	942,371	1,197,356	812,406	878,489	910,778	921,698	862,127
Franchise fees	245,451	260,776	283,398	314,316	335,119	348,525	433,767	409,665	437,161
Investment earnings	145,472	360,705	627,618	718,742	392,927	75,603	55,637	42,211	29,936
Unrestricted grants and contributions	13,984	17,538	18,225	20,357	19,031	17,515	18,223	19,350	18,350
Gain (Loss) on sale of capital assets	-	-	-	21,448	(13,328)	(101,610)	(30,774)	80,141	41,079
Miscellaneous	42,570	40,711	79,360	102,046	14,810	40,074	60,892	84,776	169,795
Total governmental activities	8,964,615	9,579,887	11,997,553	12,317,239	10,102,008	10,565,467	11,362,370	11,950,802	12,173,671
Business-type activities:									
Investment earnings	179,542	346,754	659,514	660,865	256,523	33,658	27,919	16,777	51,392
Gain on sale of capital assets	-	-	-	-	-	-	-	-	2,206
Miscellaneous	37,607	37,423	58,079	(349)	-	(52,362)	(3,011)	-	-
Total business-type activities	217,149	384,177	717,593	660,516	256,523	(18,704)	24,908	16,777	53,598
Total primary government	$ 9,181,764	$ 9,964,064	$ 12,715,146	$ 12,977,755	$ 10,358,531	$ 10,546,763	$ 11,387,278	$ 11,967,579	$ 12,227,269
Change in Net Position									
Governmental activities	$ 360,148	$ 1,044,369	$ 2,473,298	$ 3,931,566	$ (1,364,474)	$ (2,302,082)	$ (345,806)	$ (823,734)	$ (1,197,093)
Business-type activities	(7,962)	576,783	864,658	(111,539)	(928,144)	(305,246)	687,746	297,989	411,526
Total primary government	$ 352,186	$ 1,621,152	$ 3,337,956	$ 3,820,027	$ (2,292,618)	$ (2,607,328)	$ 341,940	$ (525,745)	$ (785,567)

Notes:
[1] The increase relects depreciation expense from the valuation of infrastructure.
[2] The increase from the prior year was caused by an increase in Recycling Grant revenue.
[3] The increase from the prior year was the result of a 76% Real Estate Tax increase.
[4] Dedication of sanitary sewer lines from the Wiltshire and Westtown Chase developments to the Sewer Authority.
[5] The increase from the prior year was the result of a 33% Real Estate Tax increase.
Tenth full year of full-accrual basis accounting.

WEST GOSHEN TOWNSHIP
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)



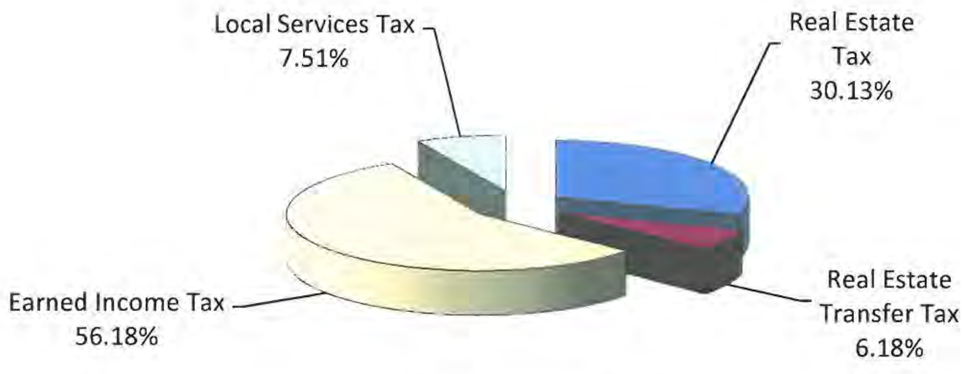
	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unassigned	3,405,106	4,292,181	5,127,853	7,415,233	8,748,955	8,830,627	8,879,327	8,597,789	6,451,630	6,315,911
Assigned	-	-	-	-	-	-	-	-	1,985,711	1,756,308
Total general fund	$ 3,405,106	$ 4,292,181	$ 5,127,853	$ 7,415,233	$ 8,748,955	$ 8,830,627	$ 8,879,327	$ 8,597,789	$ 8,437,341	$ 8,072,219
All other governmental funds										
Resrticted										
Special revenue funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,820	$ 43,919
Capital Reserve fund	4,601,172	4,912,249	5,206,353	4,914,618	7,074,261	6,336,140	4,980,975	4,524,186	4,368,312	4,141,671
Unassigned										
Special revenue funds	688,940	642,688	605,133	286,668	763,108	412,972	361,080	908,506	-	-
Capital projects fund	-	-	-	50,651	53,008	54,150	54,324	54,487	-	-
Assigned										
Special revenue funds	-	-	-	-	-	-	-	-	727,900	620,512
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Total special revenue funds	688,940	642,688	605,133	286,668	763,108	412,972	361,080	908,506	752,720	664,431
Total Capital Reserve fund	4,601,172	4,912,249	5,206,353	4,914,618	7,074,261	6,336,140	4,980,975	4,524,186	4,368,312	4,141,671
Total capital projects fund	-	-	-	50,651	53,008	54,150	54,324	54,487	-	-
Total all other governmental funds	$ 5,290,112	$ 5,554,937	$ 5,811,486	$ 5,251,937	$ 7,890,377	$ 6,803,262	$ 5,396,379	$ 5,487,179	$ 5,121,032	$ 4,806,102

NOTES:
1 According to GASB 54, the recognition of unreserved fund balances has been broken down into two separate categories, assigned and unassigned.

WEST GOSHEN TOWNSHIP
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	$ 7,385,577	$ 8,392,482	$ 8,856,569	$ 10,819,333	$ 11,258,617	$ 9,673,966	$ 9,987,767	$ 10,927,967	$ 11,135,369	$ 11,648,433
Licenses and permits	243,859	273,814	266,385	288,043	318,926	343,409	352,925	438,392	415,290	443,041
Fines, forfeits and costs	152,729	180,887	181,130	212,941	243,004	231,412	214,759	184,930	197,134	207,449
Investment earnings	118,727	156,984	388,986	660,280	750,290	430,097	106,423	87,758	77,132	64,854
Intergovernmental revenues	952,408	853,978	917,001	1,143,530	952,967	996,882	975,819	1,051,703	1,373,704	1,045,847
Charges for services/fees	351,463	340,268	378,827	455,480	513,624	506,323	491,644	427,518	603,543	609,674
Contributions	113,560	57,500	12,500	82,500	47,500	45,000	2,500	607,500	77,500	112,500
Miscellaneous revenue/other	33,753	31,718	20,804	18,420	102,046	14,810	39,874	59,992	84,776	169,795
Total Revenues	9,352,076	10,287,631	11,022,202	13,680,527	14,186,974	12,241,899	12,171,711	13,785,760	13,964,448	14,301,593
Expenditures										
General Government	1,550,790	1,582,454	1,680,525	1,662,389	1,749,317	1,930,128	2,135,166	2,417,608	1,826,099	2,113,083
Public Safety	4,030,854	4,416,172	4,839,827	4,832,442	4,974,334	5,334,087	5,645,437	6,082,453	6,376,953	6,459,639
Public Works - highways and streets	1,130,538	1,359,534	1,455,812	2,859,642	1,340,066	3,805,067	3,878,447	6,608,745	5,533,956	3,850,248
Other public works	110,063	133,130	114,056	150,047	168,736	169,750	173,608	210,480	175,895	111,845
Library	5,000	5,000	5,000	2,500	-	-	-	-	2,500	2,500
Culture and recreation	775,966	858,351	1,087,112	1,813,080	1,028,470	1,057,111	1,188,772	1,238,088	1,350,480	1,541,347
Insurance/employee benefits/payroll taxes	-	-	-	-	-	-	-	-	-	-
Capital outlay	158,976	-	-	-	-	-	-	-	-	-
Miscellaneous expenditures	27	27	27	27	27	27	115,885	12,527	11,047	6,500
Debt service							-			
Principal	517,759	563,267	641,163	725,416	744,525	724,315	459,431	450,827	619,148	914,961
Interest and other charges	298,320	289,813	296,603	285,034	259,426	228,118	209,898	203,763	343,285	350,154
Issuance costs	-	-	-	-	-	-	-	37,795	-	-
Total Expenditures	8,578,293	9,207,748	10,120,125	12,330,577	10,264,901	13,248,603	13,806,644	17,262,286	16,239,363	15,350,277
Excess of Revenues Over (Under) Expenditures	773,783	1,079,883	902,077	1,349,950	3,922,073	(1,006,704)	(1,634,933)	(3,476,526)	(2,274,915)	(1,048,684)
Other Financing Sources (Uses)										
Transfers in	2,159,012	1,113,231	1,354,962	1,440,070	2,839,719	924,862	1,662,025	807,495	1,465,809	1,539,259
Transfers out	(2,159,012)	(1,113,231)	(1,354,962)	(1,440,070)	(2,839,719)	(924,862)	(1,662,025)	(807,495)	(1,465,809)	(1,539,259)
Refund of prior year revenues	-	-	-	-	-	-	-	-	-	(25,138)
Proceeds from debt	-	-	-	-	-	-	-	3,272,579	1,740,806	357,770
Proceeds from capital leases	104,907	57,127	170,835	336,506	50,089	(2,739)	273,150	-	-	-
Sales of capital assets	4,944	14,890	19,309	41,375	-	4,000	3,600	13,209	7,514	36,000
Total Other Financing Sources (Uses)	109,851	72,017	190,144	377,881	50,089	1,261	276,750	3,285,788	1,748,320	368,632
Net Change in Fund Balances	$ 883,634	$ 1,151,900	$ 1,092,221	$ 1,727,831	$ 3,972,162	$ (1,005,443)	$ (1,358,183)	$ (190,738)	$ (526,595)	$ (680,052)
Debt Service as a Percentage of Noncapital Expenditures	6.1%	6.1%	6.3%	5.9%	7.3%	5.5%	3.3%	2.6%	3.8%	6.0%

WEST GOSHEN TOWNSHIP
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)



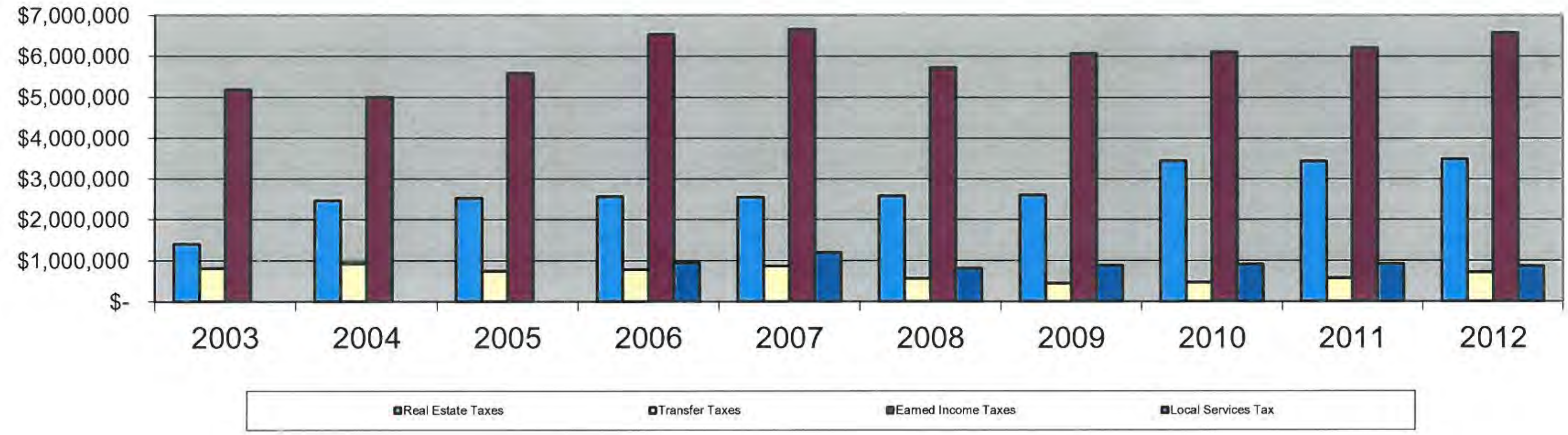
2012 Revenue Sources

Fiscal Year		Real Estate Tax		Real Estate Transfer Tax		Earned Income Tax		Local Services Tax		Total
2003	$	1,402,116	$	807,367	$	5,071,263	$	-	$	7,280,746
% of total		*19.26%*		*11.09%*		*69.65%*		-		*100.00%*
2004	$	2,481,655	$	921,849	$	5,113,634	$	-	$	8,517,138
% of total		*29.14%*		*10.82%*		*60.04%*		-		*100.00%*
2005	$	2,523,930	$	744,094	$	5,632,133	$	-	$	8,900,157
% of total		*28.36%*		*8.36%*		*63.28%*		-		*100.00%*
2006	$	2,554,040	$	783,750	$	6,708,791	$	942,371	$	10,988,952
% of total		*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
% of total		*22.90%*		*7.74%*		*58.62%*		*10.75%*		*100.00%*
2008	$	2,590,007	$	564,294	$	5,386,742	$	812,406	$	9,353,449
% of total		*27.69%*		*6.03%*		*57.59%*		*8.69%*		*100.00%*
2009	$	2,601,082	$	441,286	$	6,264,503	$	878,489	$	10,185,360
% of total		*25.54%*		*4.33%*		*61.50%*		*8.63%*		*100.00%*
2010	$	3,451,584	$	462,798	$	5,999,465	$	910,778	$	10,824,625
% of total		*31.89%*		*4.28%*		*55.42%*		*8.41%*		*100.00%*
2011	$	3,458,714	$	568,142	$	6,366,105	$	921,698	$	11,314,659
% of total		*30.57%*		*5.02%*		*56.26%*		*8.15%*		*100.00%*
2012	$	3,458,366	$	709,390	$	6,447,467	$	862,127	$	11,477,350
% of total		*30.1%*		*6.18%*		*56.18%*		*7.51%*		*100.00%*

Notes:

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.
Real Estate Tax increase effective 1/1/2010 (from 1.5 mils to 2.0 mils)

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
2003	$ 1,396,947	$ 807,367	$ 5,181,263	$ -	$ 7,385,577
2004	$ 2,466,999 [1]	$ 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 [2]	$ 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
2009	$ 2,599,490	$ 441,286	$ 6,068,503	$ 878,489	$ 9,987,768
2010	$ 3,446,925	$ 462,798	$ 6,107,466	$ 910,778 [3]	$ 10,927,970
2011	$ 3,441,424	$ 568,142	$ 6,204,105	$ 921,698	$ 11,135,369
2012	$ 3,494,949	$ 709,390	$ 6,581,967	$ 862,127	$ 11,648,433

Notes:
[1] Tax increase of 76% over prior year.
[2] Emergency Municipal Services Tax enacted 1/1/2006 and further enacted by Act 7 of 2007 as Local Services Tax, effective 1/1/08.
[3] Tax increase of 33% over prior year.

WEST GOSHEN TOWNSHIP
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year		Real Estate Assessed Value	Ratio of Total Assessed Value to Total Estimated Actual Value		Estimated Actual Value [1]	Real Estate Millage Rate
2003	$	1,662,970,630	74.07%	$	2,245,010,351	0.85
2004[2]	$	1,663,883,667	68.03%	$	2,445,908,990	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
2009	$	1,752,550,691	52.91%	$	3,312,320,806	1.50
2010 [3]	$	1,750,817,197	55.25%	$	3,168,979,127	2.00
2011	$	1,750,413,337	55.87%	$	3,133,239,873	2.00
2012	$	1,766,649,613	58.82%	$	3,003,304,342	2.00

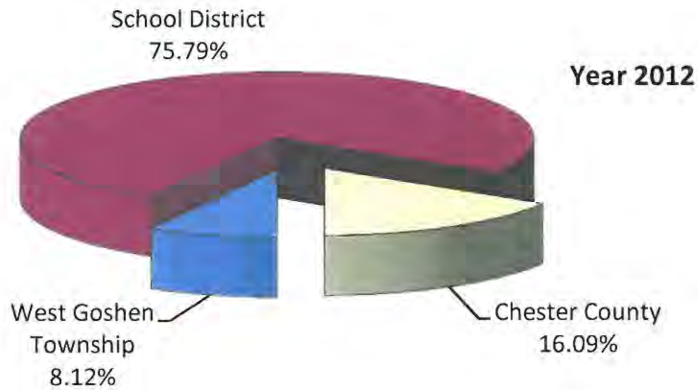
Note: (1) Common level ratio reciprocal factor used by Chester County, Pennsylvania, Board of Assessments and the Pennsylvania Department of Revenue Realty Transfer Tax department.

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

Note (3) Real Estate tax increase of 33% over prior year.

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

WEST GOSHEN TOWNSHIP
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years



Fiscal Year	West Goshen Township	School District	Chester County	Total Millage
2003	0.850	12.590	3.273	16.713
Percent of total	*5.09%*	*75.33%*	*19.58%*	*100.00%*
2004	1.500	13.550	3.414	18.464
Percent of total	*8.12%*	*73.39%*	*18.49%*	*100.00%*
2005	1.500	14.320	3.558	19.378
Percent of total	*7.74%*	*73.90%*	*18.36%*	*100.00%*
2006	1.500	15.160	3.699	20.359
Percent of total	*7.37%*	*74.46%*	*18.17%*	*100.00%*
2007	1.500	15.7900	3.804	21.094
Percent of total	*7.11%*	*74.86%*	*18.03%*	*100.00%*
2008	1.500	16.8500	3.804	22.154
Percent of total	*6.77%*	*76.06%*	*17.17%*	*100.00%*
2009	1.500	17.8500	3.965	23.315
Percent of total	*6.43%*	*76.56%*	*17.01%*	*100.00%*
2010	2.000	18.3600	3.965	24.325
Percent of total	*8.22%*	*75.48%*	*16.30%*	*100.00%*
2011	2.0000	18.3600	3.9650	24.325
Percent of total	8.22%	75.48%	16.30%	*100.00%*
2012	2.0000	18.6700	3.9650	24.635
Percent of total	8.12%	75.79%	16.09%	*100.00%*

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, 2012 and 2011

	2012			2011		
Taxpayer	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	2.78%	$ 48,669,780	1	2.78%
Fern Hill LLC	$ 16,617,370	2	0.95%	$ 16,617,370	2	0.95%
Home Properties Golf Club, LLC	$ 14,780,750	3	0.84%	$ 14,780,750	3	0.84%
Goshen Terrace Apartments	$ 14,198,300	4	0.81%	$ 14,198,300	4	0.81%
Capital Enterprises, Inc.	$ 12,008,680	5	0.69%	$ 12,008,680	5	0.69%
Cephalon, Inc.	$ 9,411,460	6	0.54%	$ 9,411,460	6	0.54%
Cambridge Apartments	$ 7,948,790	7	0.45%	$ 7,948,790	7	0.45%
TGM Halstead LLC	$ 7,454,310	8	0.43%	$ 7,454,310	8	0.43%
Turks Head Health Services, Inc.	$ 6,799,320	9	0.39%	$ 6,799,320	9	0.39%
A. Duie Pyle, Inc.	$ 6,786,500	10	0.39%	$ 6,786,500	10	0.39%
	$ 144,675,260		8.27%	$ 144,675,260		8.26%

Note: Total taxable assessed value, all real property in West Goshen Township, December 31, 2012, $1,766,649,613.

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
(modified accrual basis of accounting)

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
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	$ 2,608,939	$ 2,536,749	97.23%	$ 40,775	$ 2,577,524	98.80%
2009	$ 2,620,902	$ 2,553,575	97.43%	$ 45,914	$ 2,599,489	99.18%
2010	$ 3,504,258	$ 3,405,361	97.18%	$ 41,564	$ 3,446,925	98.36%
2011	$ 3,500,827	$ 3,369,691	96.25%	$ 46,667	$ 3,416,358	97.59%
2012	$ 3,501,919	$ 3,430,049	97.95%	$ 64,901	$ 3,494,950	99.80%

WEST GOSHEN TOWNSHIP
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	General Obligation Debt	Capital Leases	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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	21,321	$ 1,747,526,471	$ 4,101,000	$ 94,526	$ 4,195,526	0.24%	$ 197
2009	21,339	$ 1,752,550,691	$ 3,769,000	$ 240,245	$ 4,009,245	0.23%	$ 188
2010	21,866	$ 1,750,817,197	$ 6,694,579	$ 126,208	$ 6,820,787	0.39%	$ 312
2011	22,016	$ 1,750,413,337	$ 7,882,798	$ 69,857	$ 7,952,655	0.45%	$ 361
2012	22,166	$ 1,766,649,613	$ 7,395,462	$ -	$ 7,395,462	0.42%	$ 334

Sources: U.S. Census Bureau Population Census 2010.
Chester County Board of Assessments.
West Goshen Township annual financial statements.

WEST GOSHEN TOWNSHIP
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
as of December 31, 2012

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to West Goshen Township	Amount Applicable to West Goshen Township
DIRECT DEBT:			
West Goshen Township	$ 7,395,462	100.00%	$ 7,395,462
OVERLAPPING DEBT:			
County of Chester	$ 489,405,000 [1]	4.85%	23,727,302
TOTAL			$ 31,122,764

Note[1]: County of Chester data not yet available for 2012 amount reflects 2011 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 [1]
December 31, 2012

	Year Ended December 31,		
	2012	2011	2010
Total Revenues	$ 24,457,860	$ 23,845,390	$ 26,196,623
Deduct excludable items under Section 8002©(16) of the Act:			
Nonrecurring items:			
Grants and gifts-in-aid	482,675	459,013	448,892
Proceeds from general long-term debt	395,976	1,748,320	3,285,788
Total Revenues as Defined in Section 8002©(16) of the Act	$ 23,579,209	$ 21,638,057	$ 22,461,943
Total Revenues as Defined in Section 8002[c][16] of the Act for the year ended December 31, 2009			$ 67,679,209
Borrowing Base - Arithmetic Average of Total Revenues			$ 22,559,736
Debt Limit			250%
Debt Limitation			$ 56,399,341

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)

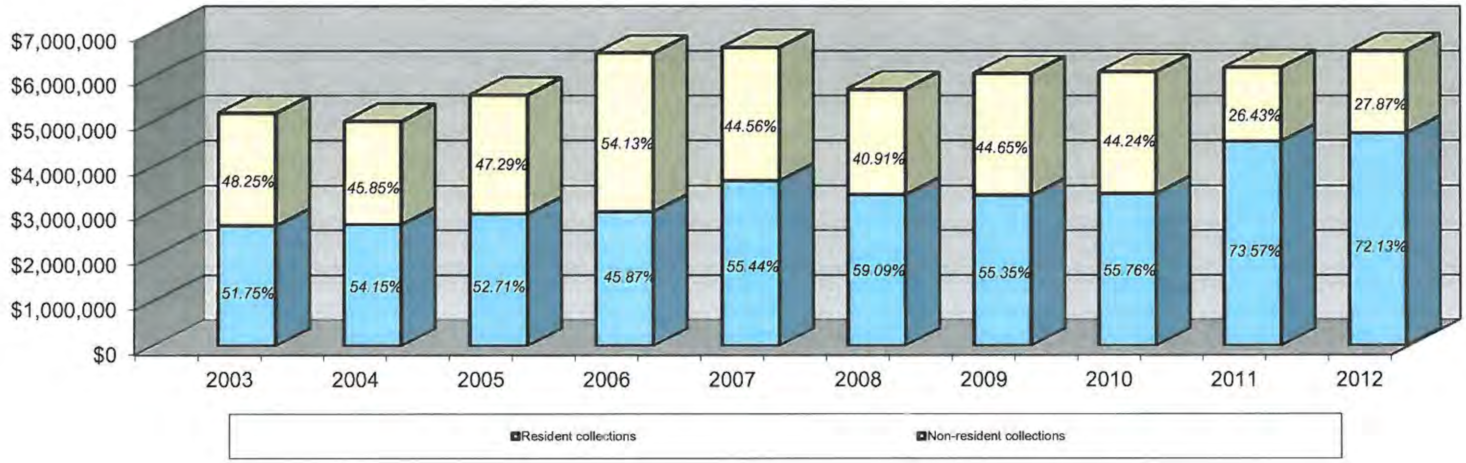
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 181,622	$ 187,822	$ 188,425	$ 191,549	$ 194,693	$ 197,751	$ 199,115	$ 199,727	$ 199,580	$ 199,871	$ 202,028
Total net debt applicable to limit	7,376	6,904	6,404	5,876	5,317	4,726	4,101	3,769	6,695	7,883	7,396
Legal debt margin	$ 174,246	$ 180,918	$ 182,021	$ 185,673	$ 189,376	$ 193,025	$ 195,014	$ 195,958	$ 192,885	$ 191,988	$ 194,632
Total net debt applicable to the limit as a percentage of debt limit	4.06%	3.68%	3.40%	3.07%	2.73%	2.39%	2.06%	1.89%	3.35%	3.94%	3.66%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	$ 1,766,650
Add back: exempt real property	253,627
Total assessed value	2,020,277
Debt limit (10% of total assessed value)	202,028
Debt applicable to limit:	
General obligation bonds	7,396
Total net debt applicable to limit	7,396
Legal debt margin	$ 194,632

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value	$ 1,610,621	$ 1,662,971	$ 1,663,884	$ 1,686,942	$ 1,720,875	$ 1,732,148	$ 1,747,526	$ 1,752,551	$ 1,750,818	$ 1,750,414	$ 1,766,650
Add back: exempt real property	205,600	215,245	220,367	228,544	226,058	245,361	243,625	244,720	244,978	248,297	253,627
Total assessed value	$ 1,816,222	$ 1,878,216	$ 1,884,251	$ 1,915,485	$ 1,946,933	$ 1,977,509	$ 1,991,151	$ 1,997,271	$ 1,995,796	$ 1,998,711	$ 2,020,277
@ 10%	$ 181,622	$ 187,822	$ 188,425	$ 191,549	$ 194,693	$ 197,751	$ 199,115	$ 199,727	$ 199,580	$ 199,871	$ 202,028

WEST GOSHEN TOWNSHIP
EARNED INCOME TAX REVENUE
Last Ten Fiscal Years
(modified accrual basis of accounting)



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Resident collections	$2,681,341	$2,709,509	$2,945,330	$2,996,875	$3,689,404	$3,379,784	$3,358,935	$3,405,809	$4,564,658	$4,747,862
% of total	*51.75%*	*54.15%*	*52.71%*	*45.87%*	*55.44%*	*59.09%*	*55.35%*	*55.76%*	*73.57%*	*72.13%*
Non-resident collections	2,499,922	2,294,125	2,642,803	3,535,916	2,965,794	2,339,958	2,709,567	2,701,656	1,639,447	1,834,105
% of total	*48.25%*	*45.85%*	*47.29%*	*54.13%*	*44.56%*	*40.91%*	*44.65%*	*44.24%*	*26.43%*	*27.87%*
Total earned income tax collected	$5,181,263	$5,003,634	$5,588,133	$6,532,791	$6,655,198	$5,719,742	$6,068,502	$6,107,465	$6,204,105	$6,581,967

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, Berkheimer Administrators and Keystone Collections.

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			Employers				Individuals			Employers			
	# of Residents On file	Exempts	Total Taxables	# of Emplyrs On file	Closed/ Bankrupt	Total Open Employers	Average Earnings	On file	Exempts	Total Taxables	On file	Closed/ Bankrupt	Total Open Employers	Average Earnings
1999	22,008	5,593	16,415	2,453	1,176	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	$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	$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	$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	$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	$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	$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	$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	$52,820	131,793	28,465	103,328	11,068	3,952	7,116	$57,160
2008	25,849	6,203	19,646	3,294	1,330	1,964	$53,544	132,338	29,272	103,066	11,363	4,191	7,172	$57,394

Notes:
Statistics are not available for 2009, 2010, 2011 and 2012.
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 Berkheimer Tax Administrators.

WEST GOSHEN TOWNSHIP
PRINCIPAL EMPLOYERS
Current Year and Prior Year

	2012			2011		
Taxpayer	**Number of Employees**	**Rank**	**Percent of Total Employees**	**Number of Employees**	**Rank**	**Percent of Total Employees**
QVC Network, Inc.	2,290	1	7.3%	2,618	1	8.3%
United Parcel Service, Inc.	1,602	3	5.1%			0.0%
A. Duie Pyle, Inc.	716	6	2.3%			0.0%
West Chester School W. Goshen	1,704	2	5.4%	1,585	2	5.1%
Chester County Court House	838	5	2.7%	810	5	2.6%
PA State System of Higher Education	880	4	2.8%	429	6	1.4%
Atlantic Coast Athletic Club	366	7	1.2%	337	7	1.1%
Cephalon, Inc.			0.0%	880	4	2.8%
Krapf Business Companies			0.0%	912	3	2.9%
Johnson & Johnson Services Inc.	291	10	0.9%	260	8	0.8%
Remed Recovery Care Centers			0.0%	225	9	0.7%
Michaels Stores Inc. & Subs			0.0%	220	10	0.7%
The ARC of Chester County	351	8	1.1%			
P&A Marketing Inc.	291	9	0.9%			
Total, 10 largest employers	9,329		29.7%	8,276		40.5%
Note: Total employment in West Goshen Township subject to Earned Income Tax	31,376			20,450		

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

Keystone Tax Administrators Disclaimer:

DISCLAIMER

The information contained herein is expressly based upon data compiled from employer withholding submissions filed with the tax officer in tax year 2012. As a result of the transition to Act 32 mandatory withholding in tax year 2012, and the resultant non-compliance by many of the employers regarding proper filing procedures, the data may not be relied upon as complete and/or accurate for historic measure or projection of future revenue. As such, taxing authority recognizes and agrees by acceptance that this information will not be used or released for historic measure or projection of anticipated revenue or any related purpose. Taxing authorities should contact tax officer with updated information and/or identification of discrepancies.

WEST GOSHEN TOWNSHIP
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Code Enforcement										
Building permits	413	633	757	918	1,084	1,252	773	888	1,111	1,105
New construction	46	36	15	36	37	26	11	17	44	61
Additions & alterations	220	287	200	204	219	245	200	226	281	286
Subdivision plans	9	2	8	2	5	2	2	2	2	3
Lots approved	65	11	2	159	13	9	8	29	-	14
Zoning appeals	11	8	10	8	5	8	4	4	5	6
Land development	14	10	17	16	10	11	9	6	4	4
Police										
Physical arrests	1,384	1,330	944	938	1,734	956	1,065	972	1,401	1,647
Traffic violations	2,738	3,090	3,042	2,898	3,063	3,308	3,396	2,879	2,466	2,876
Parking violations	321	486	346	340	195	197	281	237	174	199
Alarm violations	1,348	1,287	1,151	1,255	941	1,006	883	946	913	870
Fire										
Number of calls answered	n/a	65	77	72	63	75	54	59	53	72
Inspections	n/a	286	474	466	463	404	340	449	895	564
Highways and Streets										
Street resurfacing (miles)	3.4	3.66	1.92	4.08	0.00	10.32	5.19	5.02	5.60	5.77
Culture and Recreation										
Summer recreation program registrations	335	294	341	354	329	314	270	303	291	308
Summer sports clinic registrations	84	102	102	119	97	91	89	70	54	63
Park/pavilion permits issued	102	104	110	87	95	89	81	77	88	85

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	0	0	0	0	0	0	0	0	0	1
Streets (miles)	82.49	84.69	84.69	84.69	85.64	85.93	87.56	87.56	87.56	87.56
Bridges	1	1	2	2	2	2	2	2	2	2
Traffic Signals	26	26	27	27	27	27	27	27	27	28
Culture and recreation										
Building	1	1	1	1	1	1	1	1	1	1
Parks acreage	112.7	112.7	112.7	112.7	112.7	112.7	112.7	112.7	104.5	104.5
Parks	13	13	13	13	13	13	13	13	12	12
Tennis courts	4	4	4	6	6	6	6	6	6	6
Skate Grounds	0	0	0	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	4	4	4	4	3	3
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	2	2	2	2	2	2	2	2	2
Maintenance garage	0	1	1	1	1	1	1	1	1	1

Source: Various Township departments.

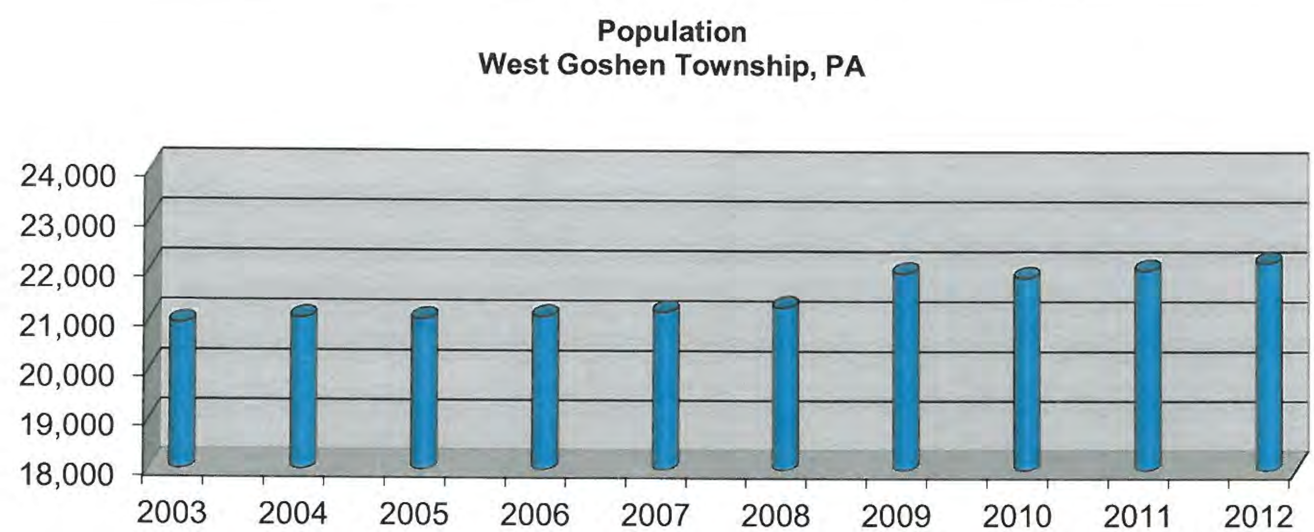
Note: No capital assets indicators are available for the general government function.

WEST GOSHEN TOWNSHIP
FULL-TIME WEST GOSHEN TOWNSHIP EMPLOYEES BY FUNCTION
Last Ten Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	15	14	14	15	15	15	15	13	13	12
Public Safety										
Officers	26	26	26	25	25	27	29	29	28	28
Dispatchers	4	4	4	2	2	2	2	2	2	2
Administration	2	3	3	3	3	2	2	2	2	2
Code Inspectors	1	2	2	2	2	2	2	2	2	2
Fire Marshal	0	1	1	1	1	1	1	1	1	1
Highways and Streets	9	9	9	10	10	12	13	13	14	16
Culture and Recreation	9	8	9	10	11	11	11	11	12	12
Sewer	15	14	14	14	15	16	16	16	16	16
Total	81	81	82	82	84	88	91	89	90	91

WEST GOSHEN TOWNSHIP
POPULATION STATISTICS
Last Ten Fiscal Years

Population Statistics - West Goshen Township, PA

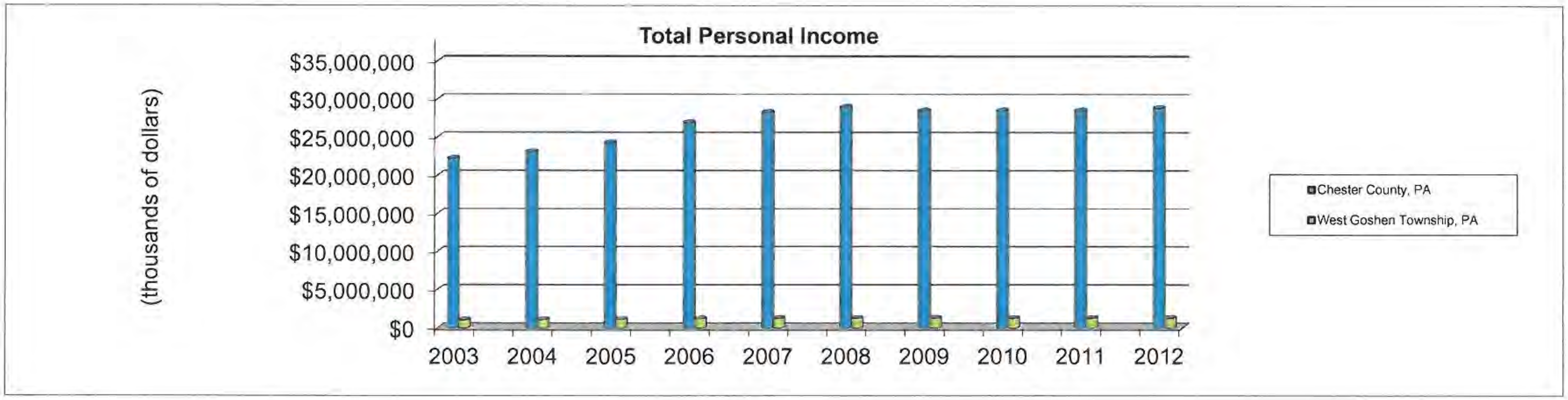


Population	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
West Goshen Township, PA	20,930	21,043	21,020	21,073	21,171	21,266	21,956	21,866	22,016	22,166
Over-the-year change	0.6%	0.5%	-0.1%	0.3%	0.5%	0.4%	3.7%	-0.4%	0.7%	0.7%
Chester County, PA	455,877	463,900	471,562	480,200	487,567	493,281	498,894	500,873	503,897	506,575

Source: U.S. Census Bureau

WEST GOSHEN TOWNSHIP
TOTAL PERSONAL INCOME
Last Ten Fiscal Years

Total Personal Income - Chester County, PA



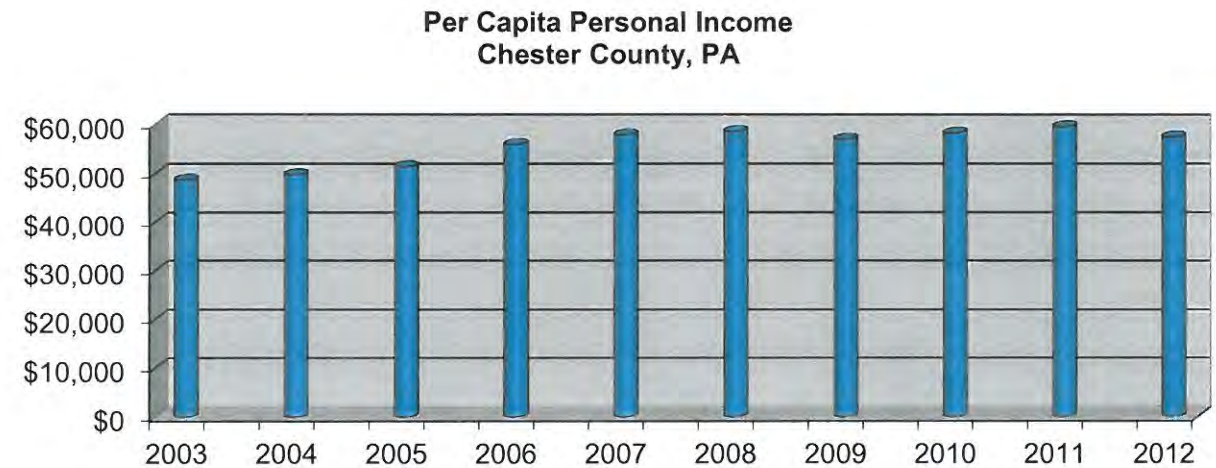
Total Personal Income (thousands of dollars)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Chester County, PA	$22,188,098	$23,086,354	$24,228,078	$26,882,594	$28,237,594	$28,902,509	$28,453,609	$28,453,609	$28,453,609	$28,802,662
	4.8%	4.0%	4.9%	11.0%	5.0%	2.4%	-1.6%	0.0%	0.0%	1.2%
West Goshen Township, PA	$1,018,689	$1,047,222	$1,079,973	$1,179,710	$1,226,125	$1,246,026	$1,252,225	$1,242,164	$1,243,180	$1,260,307

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.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (2003-2011); West Goshen Township Finance Department projection (2012).

WEST GOSHEN TOWNSHIP
PER CAPITA PERSONAL INCOME
Last Ten Fiscal Years

Per Capita Personal Income - Chester County, PA



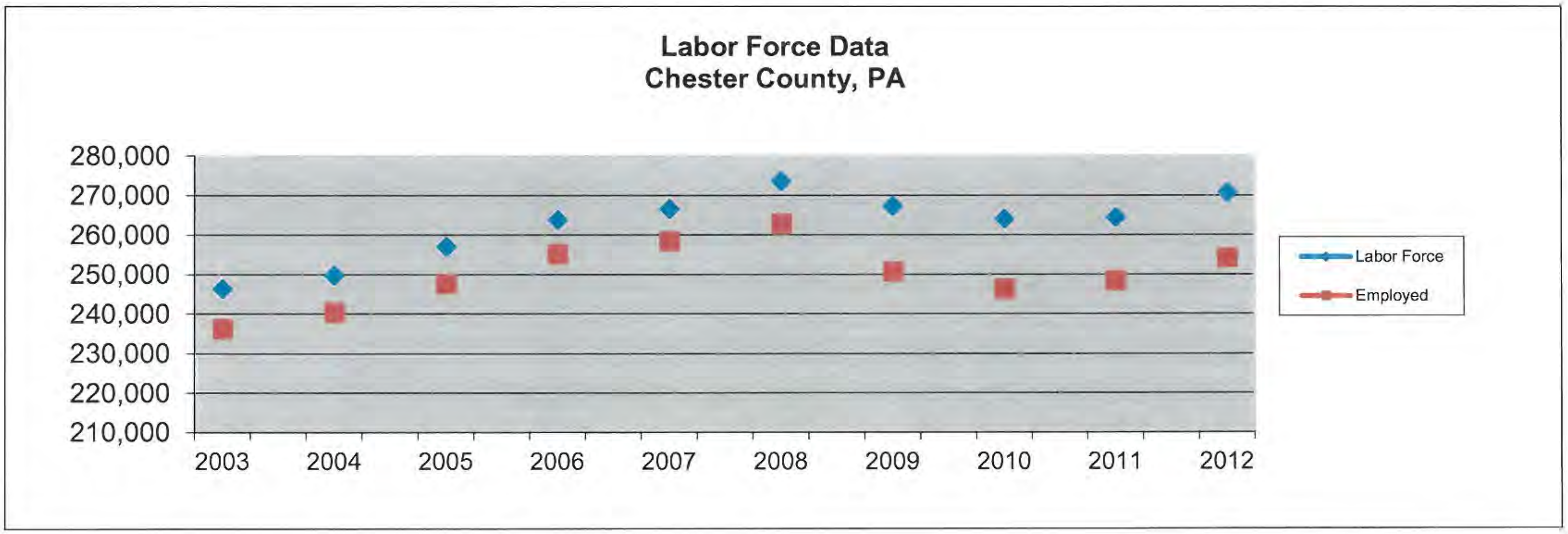
Per Capita Personal Income	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Chester County, PA	$48,671	$49,766	$51,378	$55,982	$57,915	$58,592	$57,033	$58,301	$59,597	$57,555
Over-the-year change	3.2%	2.2%	3.2%	9.0%	3.5%	1.2%	-2.7%	2.2%	2.2%	2.6%

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

Source: Bureau of Economic Analysis Local Area Personal Income estimates (2003-2011); West Goshen Township Finance Department projection (2012).

WEST GOSHEN TOWNSHIP
LABOR FORCE DATA
Last Ten Fiscal Years

Labor Force Data - Chester County, PA



Chester County, PA	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Labor Force	246,405	249,758	257,078	263,942	266,686	273,667	267,405	264,170	264,539	270,852
Employed	236,234	240,360	247,695	255,221	258,447	262,888	250,710	246,343	248,392	254,200
Unemployment Rate	4.1%	3.8%	3.6%	3.3%	3.1%	3.9%	6.2%	6.7%	6.1%	6.1%
Pennsylvania Rate	5.7%	5.4%	5.0%	4.5%	4.3%	5.3%	8.0%	8.7%	7.9%	7.9%
US Rate	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%

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: Information retrieved from the Bureau of Labor Statistics.

WEST GOSHEN TOWNSHIP
MISCELLANEOUS STATISTICS
December 31, 2012

Date Founded:	December 6, 1817	
Form of government:	Second Class Township	
Area:	12 square miles	
Miles of Roads:	88 miles - municipal roads 40 miles - state roads	
Fire/Ambulance Protection:	1 volunteer fire department 1 volunteer ambulance service	Fame Fire Company Good Fellowship
Police Protection:	28 full-time police personnel and officers	
Education:	2 Elementary schools 2 Middle Schools 1 High Schools	
Main Township Parks:	West Goshen Community Park Stoneybrook Park Coopersmith Park Barker Park Robert E. Lambert Park	32.0 acres 22.2 acres 15.2 acres 11.5 acres 3.2 acres

OTHER REPORT

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INDEPENDENT AUDITOR'S 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*

June 12, 2013

Board of Supervisors
West Goshen Township
West Chester, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2012,and the related notes to the financial statements, which collectively comprise West Goshen Township's basic financial statements, and have issued our report thereon dated June 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Goshen Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Goshen Township's internal control. Accordingly, we do not express an opinion on the effectiveness of West Goshen Township's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BARBACANE THORNTON &COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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 from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP