



**WEST GOSHEN TOWNSHIP
WEST CHESTER, PENNSYLVANIA
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

WEST GOSHEN TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 23
Basic Financial Statements:	
Statement of Net Position	24
Statement of Activities	25
Balance Sheet - Governmental Funds	26
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	29
Budgetary Comparison Statement - General Fund	30 - 31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34 - 35
Statement of Net Position - Fiduciary Funds	36
Statement of Changes in Net Position - Fiduciary Funds	37
Notes to Financial Statements	38 - 74

WEST GOSHEN TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
Required Supplementary Information:	
Schedule of Changes in the Township's Net Pension Liability, Related Ratios, and Investment Returns - Police Pension Plan	75
Schedule of Employer Contributions - Police Pension Plan	76
Notes to Required Supplementary Information - Police Pension Plan	76
Schedule of Changes in the Township's Net Pension Liability, Related Ratios, and Investment Returns - Non-Uniformed Pension Plan	77
Schedule of Employer Contributions - Non-Uniformed Pension Plan	78
Notes to Required Supplementary Information - Non-Uniformed Pension Plan	78
Schedule of Changes in the Township's Net Pension Liability, Related Ratios, and Investment Returns - Sewer Pension Plan	79
Schedule of Employer Contributions - Sewer Pension Plan	80
Notes to Required Supplementary Information - Sewer Pension Plan	80
Schedule of Funding Progress - Post-employment Healthcare Plan	81
Notes to Required Supplementary Information - Post-employment Healthcare Plan	82
Combining Fund Statements and Budgetary Comparison Schedules:	
Combining Balance Sheet - Nonmajor Governmental Fund Types	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Fund Types	84
Budgetary Comparison Schedule - Major Governmental Fund Type - Capital Reserve Fund	85
Budgetary Comparison Schedule - Nonmajor Governmental Fund Type - State Fund	86
Combining Statement of Net Position - Fiduciary Funds	87
Combining Statement of Changes in Net Position - Fiduciary Funds	88

WEST GOSHEN TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
STATISTICAL SECTION	
- Net Position by Component	89
- Changes in Net Position	90 - 91
- Fund Balances of Governmental Funds	92
- Changes in Fund Balances of Governmental Funds	93
- Governmental Activities Tax Revenues by Source	94
- General Governmental Tax Revenues by Source	95
- Assessed Value and Estimated Actual Value of Taxable Property	96
- Property Tax Rates Direct and Overlapping Governments	97
- Principal Property Taxpayers	98
- Property Tax Levies and Collections	99
- Ratios of Outstanding Debt by Type	100
- Direct and Overlapping Governmental Activities Debt	101
- Computation of Borrowing Capacity	102
- Legal Debt Margin Information	103
- Earned Income Tax Revenue	104
- Resident Earned Income Statistics, Direct and Overlapping Resident Statistics	105
- Principal Employers	106
- Operating Indicators by Function	107
- Capital Assets Statistics by Function	108
- Full-time West Goshen Township Employees by Function	109
- Population Statistics	110
- Total Personal Income	111
- Per Capita Personal Income	112
- Labor Force Data	113
- Miscellaneous Statistics	114
OTHER REPORT	
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 <i>Government Auditing Standards</i>	115 - 116

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

June 14, 2017

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 ("the Township"), West Chester, Pennsylvania, as of and for the year ended December 31, 2016, 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.

Board of Supervisors
West Goshen Township

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

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, 2016, 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 the Township's 2015 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 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Township has adopted the requirements of GASB Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. Our opinion is not modified with respect to this matter.

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 23 and the required supplementary information presented on pages 75 through 82 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.

Board of Supervisors
West Goshen Township

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining fund statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic 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 14, 2017 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the Township's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

**WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

This discussion and analysis of the Township of West Goshen, Pennsylvania ("the Township"), provides an overview of the Township's financial performance for the year ended December 31, 2016. Please read it in conjunction with the Township's financial statements, which begin on page 24.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,072,939 (*net position*). Of this amount, \$18,377,104 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 increased by \$621,997.
- Effective with fiscal year ended December 31, 2015, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No 68." As of December 31, 2016, the Township's governmental activities recognized a net pension liability of \$1,710,015, deferred outflows of resources of \$1,032,010, and a deferred inflow of resources of \$565,662. As of December 31, 2016, the Township's business-type activities recognized a net pension liability of \$313,350, deferred outflows of resources of \$261,682, and a deferred inflow of resources of \$2,485.
- At the close of the current fiscal year, the Township recognized an additional OPEB liability and expense in the amount of \$389,648 in its governmental activities and \$91,724 in its business-type activities.
- As of December 31, 2016, the Township's governmental funds reported combined ending fund balances of \$14,499,741, an increase of \$1,287,736 in comparison with the prior year. Approximately 66 percent of this total, or \$9,579,801 is available for spending at the Township's discretion (*assigned and unassigned fund balance*).
- The Township's total debt decreased by \$830,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the 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.

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 24 - 25 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. The 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.

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

Because the focus of governmental funds is narrower 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 six 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 four 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 26 - 29 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 32 - 35 of this report.

Fiduciary Funds. The Township's fiduciary funds are *Trust funds*. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Trust 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 two 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.

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

The fiduciary fund financial statements can be found on pages 36 - 37 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 38 - 74 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 and other post-employment benefits to its employees. Required supplementary information can be found on page 75 - 82 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 83 - 88 of this report.

IMPLEMENTATION OF GASB STATEMENTS NO. 68 AND 71

During the 2015 fiscal year, the Township implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments.

The adoption of GASB Statements No. 68 and No. 71 have had, and will continue to have, a profound effect on the financial statements and net position of governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the work force.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments.

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 the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,072,939 at the close of 2016. This is an increase of \$621,997 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.

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

**Table 1
STATEMENT OF NET POSITION
December 31, 2016 and 2015**

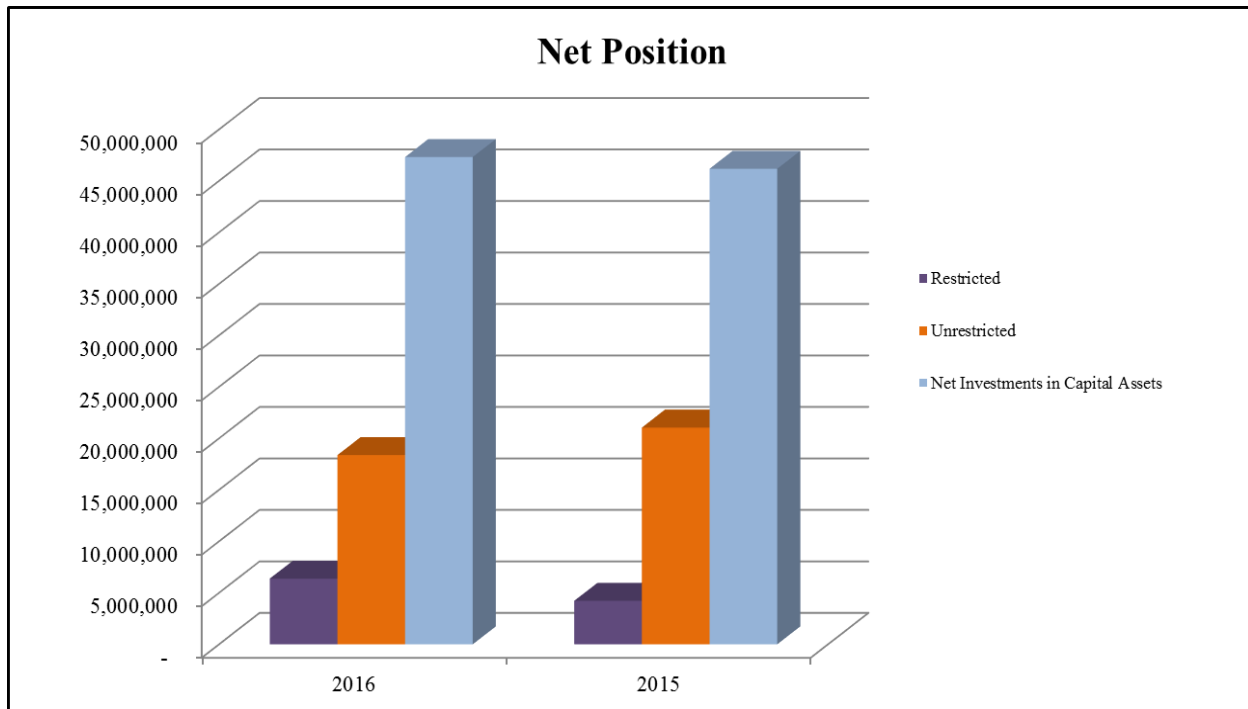
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 17,216,673	\$ 16,183,438	\$ 14,482,289	\$ 14,686,084	\$ 31,698,962	\$ 30,869,522
Capital assets	35,543,718	36,072,482	18,539,409	17,700,710	54,083,127	53,773,192
Deferred pension	1,032,010	1,350,196	261,682	331,941	1,293,692	1,682,137
Total Assets and Deferred Outflows of Resources	<u>\$ 53,792,401</u>	<u>\$ 53,606,116</u>	<u>\$ 33,283,380</u>	<u>\$ 32,718,735</u>	<u>\$ 87,075,781</u>	<u>\$ 86,324,851</u>
Long-term liabilities outstanding	\$ 11,204,380	\$ 11,160,527	\$ 1,245,999	\$ 1,721,990	\$ 12,450,379	\$ 12,882,517
Other liabilities	672,706	728,598	1,311,610	640,274	1,984,316	1,368,872
Deferred pension	565,662	622,520	2,485	-	568,147	622,520
Total Liabilities and Deferred Inflows of Resources	<u>12,442,748</u>	<u>12,511,645</u>	<u>2,560,094</u>	<u>2,362,264</u>	<u>15,002,842</u>	<u>14,873,909</u>
Net Position:						
Net investment in capital assets	29,694,718	29,820,482	17,621,409	16,355,710	47,316,127	46,176,192
Restricted for:						
Capital Reserve	4,849,891	2,712,408	-	-	4,849,891	2,712,408
Streets	70,049	54,902	-	-	70,049	54,902
Sewer	-	-	1,459,768	1,457,524	1,459,768	1,457,524
Unrestricted	6,734,995	8,506,679	11,642,109	12,543,237	18,377,104	21,049,916
Total Net Position	<u>41,349,653</u>	<u>41,094,471</u>	<u>30,723,286</u>	<u>30,356,471</u>	<u>72,072,939</u>	<u>71,450,942</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 53,792,401</u>	<u>\$ 53,606,116</u>	<u>\$ 33,283,380</u>	<u>\$ 32,718,735</u>	<u>\$ 87,075,781</u>	<u>\$ 86,324,851</u>

The largest portion of the Township's net position, \$47,316,127 (or 65.6 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, \$6,379,708 (or 8.9 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 \$4,224,834. This increase is primarily due to a transfer made to the Capital Reserve Fund to cover future capital improvement projects.

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

The remaining balance of unrestricted net position, \$18,377,104 (or 25.5 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 \$21,049,916.



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 increase in net position from the Township's governmental activities was \$255,182 as compared to the previous year decrease of \$457,752. Table 2 shows the changes in net position for the year ended December 31, 2016.

The cost of all governmental activities this year was \$16,975,845. As shown in the statement of activities on page 25, the amount that our taxpayers ultimately financed for these activities through Township taxes was \$13,697,426. Other costs were paid by those who directly benefited from the programs (\$1,231,618) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$2,046,801).

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

**Table 2
STATEMENT OF CHANGES IN NET POSITION
For the Years Ended December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program revenues:						
Charges for services	\$ 1,231,618	\$ 851,094	\$ 7,062,005	\$ 6,944,120	\$ 8,293,623	\$ 7,795,214
Operating grants and contributions	1,320,213	1,170,971	162,563	143,178	1,482,776	1,314,149
Capital grants and contributions	726,588	348,826	532,477	-	1,259,065	348,826
General revenues:						
Earned income taxes	7,598,606	7,685,688	-	-	7,598,606	7,685,688
Local services taxes	1,075,187	1,048,411	-	-	1,075,187	1,048,411
Property taxes	3,632,852	3,576,264	-	-	3,632,852	3,576,264
Real estate transfer taxes	881,904	989,947	-	-	881,904	989,947
Franchise taxes	529,175	547,466	-	-	529,175	547,466
Grants and contributions not restricted to specific programs	17,920	17,774	-	-	17,920	17,774
Other	216,964	100,967	67,487	50,791	284,451	151,758
TOTAL REVENUES	17,231,027	16,337,408	7,824,532	7,138,089	25,055,559	23,475,497
EXPENSES:						
General government	2,710,953	2,741,412	-	-	2,710,953	2,741,412
Public safety	7,382,445	7,021,272	-	-	7,382,445	7,021,272
Highways/streets	4,739,106	4,949,356	-	-	4,739,106	4,949,356
Other public works	169,304	158,856	-	-	169,304	158,856
Library	20,000	15,000	-	-	20,000	15,000
Culture and recreation	1,790,090	1,734,113	-	-	1,790,090	1,734,113
Interest expense	163,947	175,151	-	-	163,947	175,151
Sewer operations	-	-	5,527,252	5,284,898	5,527,252	5,284,898
Waste and recycling	-	-	1,930,465	1,837,054	1,930,465	1,837,054
TOTAL EXPENSES	16,975,845	16,795,160	7,457,717	7,121,952	24,433,562	23,917,112
INCREASE (DECREASE) IN NET POSITION	255,182	(457,752)	366,815	16,137	621,997	(441,615)
NET POSITION, BEGINNING OF YEAR	41,094,471	41,552,223	30,356,471	30,340,334	71,450,942	71,892,557
NET POSITION, END OF YEAR	\$ 41,349,653	\$ 41,094,471	\$ 30,723,286	\$ 30,356,471	\$ 72,072,939	\$ 71,450,942

As indicated by governmental program expenses, public safety programs account for approximately 43 percent of the total expenditures of the Township's governmental activities. General government and highways/streets services account for approximately 16 percent and 28 percent, respectively, of the total expenditures for 2016.

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

- Uniform employee wages increased approximately 5.79 percent. This is the result of a contractual three percent increase and four promotions.

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

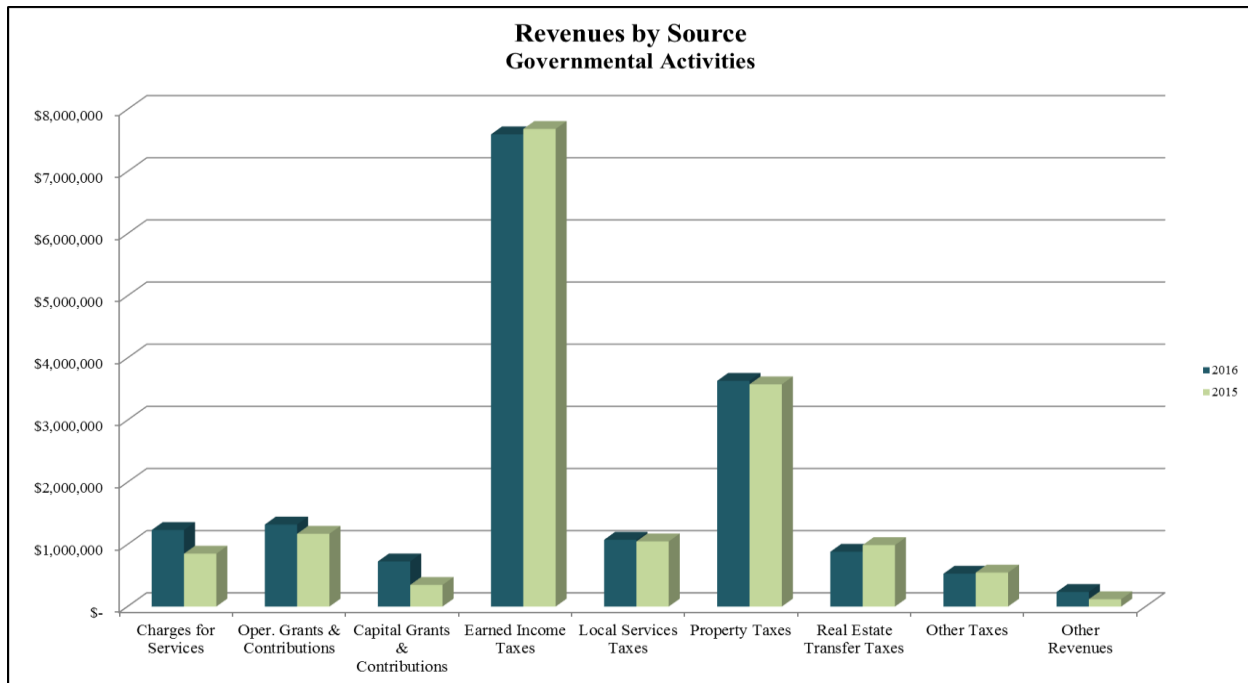
- Non-uniformed employee wages increased approximately 3.70 percent based on the Board of Supervisors approved compensation program and a promotion in the Public Works Department.
- Employee benefit costs rose by approximately 2.12 percent. Restructuring of the health plan to a high deductible plan provided positive insurance premium relief.
- Adherence to GASB 45 resulted in the recognition of an expense for other post-employment benefits in the amount of \$389,648.

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 44 percent of total revenues (47 percent in the prior year). Property taxes and real estate transfer taxes provide approximately 21 percent and five percent of total revenues, respectively (22 percent and six 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.

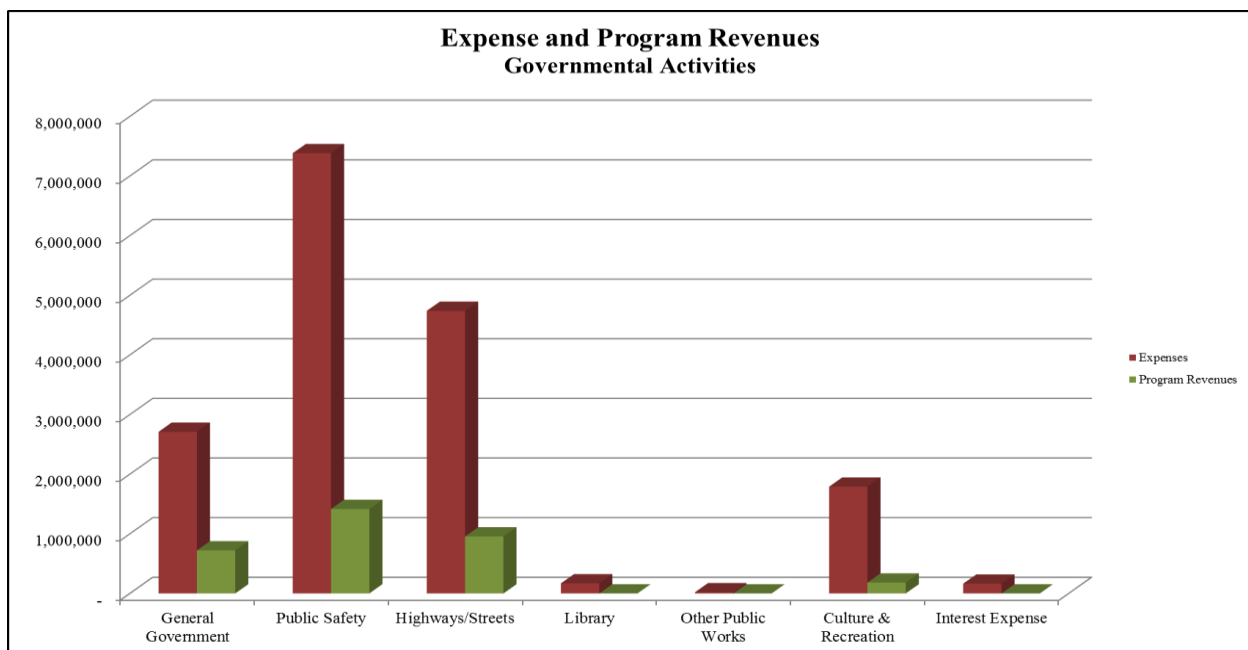
Major revenue factors included:

- Earned income tax revenue decreased by \$87,082, or 1.1 percent, in 2016. This decrease was primarily due to a shift in the Resident versus Non-Resident revenue.
- Charges for services increased by \$380,524 from the prior year. Building permits increased from the prior year by approximately \$346,464. Vehicle Code Violations decreased from the prior year by approximately \$5,249. Cable TV Franchise Fees decreased over the prior year by \$18,291, attributed mainly to the re-signing bonus for the new 15-year franchise contract that was received in 2015. Open Space contributions from building contractors of \$17,500 were received in 2016 as compared to \$25,000 for 2015.
- Operating grants and contributions increased by \$149,242.
- Real estate transfer taxes decreased by \$108,043, or 10.9 percent, over the prior year due mainly to a decrease in large commercial properties being sold in 2016.
- Other income increased by \$115,197 over the prior year due mainly to a FEMA storm Jonas reimbursement.
- Capital grants and contributions increased from the prior year by \$377,762. This increase mainly is attributed to noncash donations of roadways and monies received from the CMAQ grant.

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



Program revenues support 19 percent of activity expenses. The following graph shows how program revenues supported activity expenses.



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

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 \$5,527,252 for 2016 as compared to \$5,284,898 for the prior year. The Township also paid "Rent to Sewer Authority" of \$441,112 for 2016 (as compared to \$422,007 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 the year 2016 were \$1,605,787 as compared to \$1,576,927 for the prior year. The agreements also require the contributing townships to share in costs relating to capital improvements to the plant, pump stations, and collection system. Revenue generated from capital projects for 2016 amounted to \$532,477. 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 Goose Creek, including West Goshen Township. In December of 2013, the Sewer Authority entered into an Interim Settlement Agreement with the EPA for the reassessment and reconsideration of Goose Creek. This process should be complete by 2017.

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 2016 was \$63,580 as compared to \$57,003 for the prior year.

Business-type activities increased the Township's net position by \$366,815, as compared to the previous year increase of \$16,137.

Major revenue factors include:

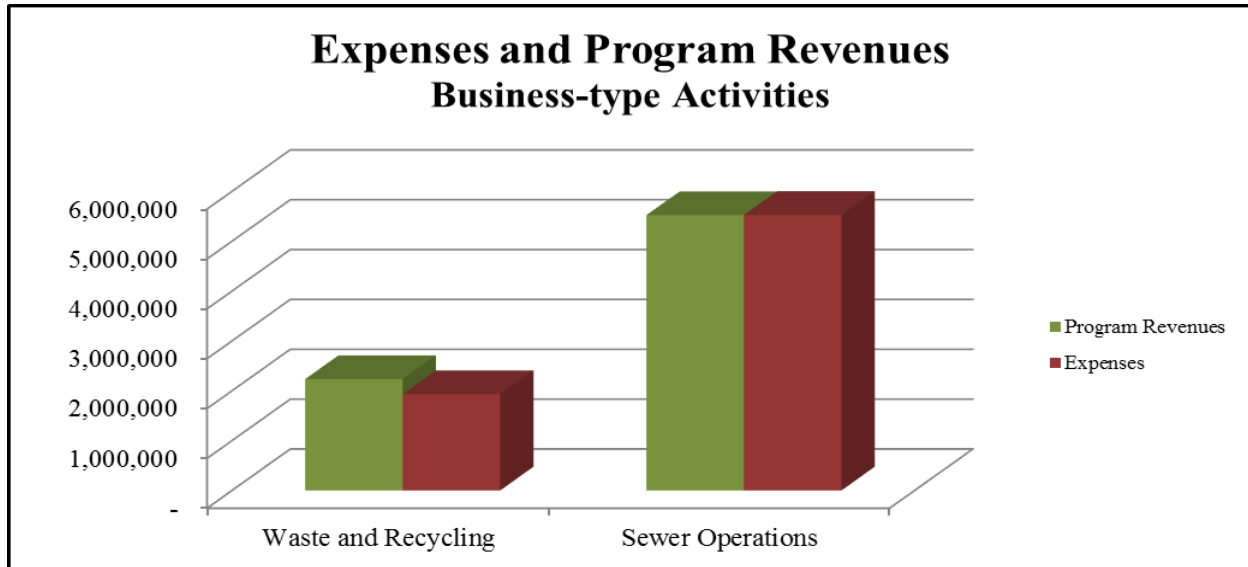
- Sewer and Sewer Authority revenues increased by \$686,443 in large part due to an increase in tapping fees and capital contributions from the outside municipalities.

Major expense factors include:

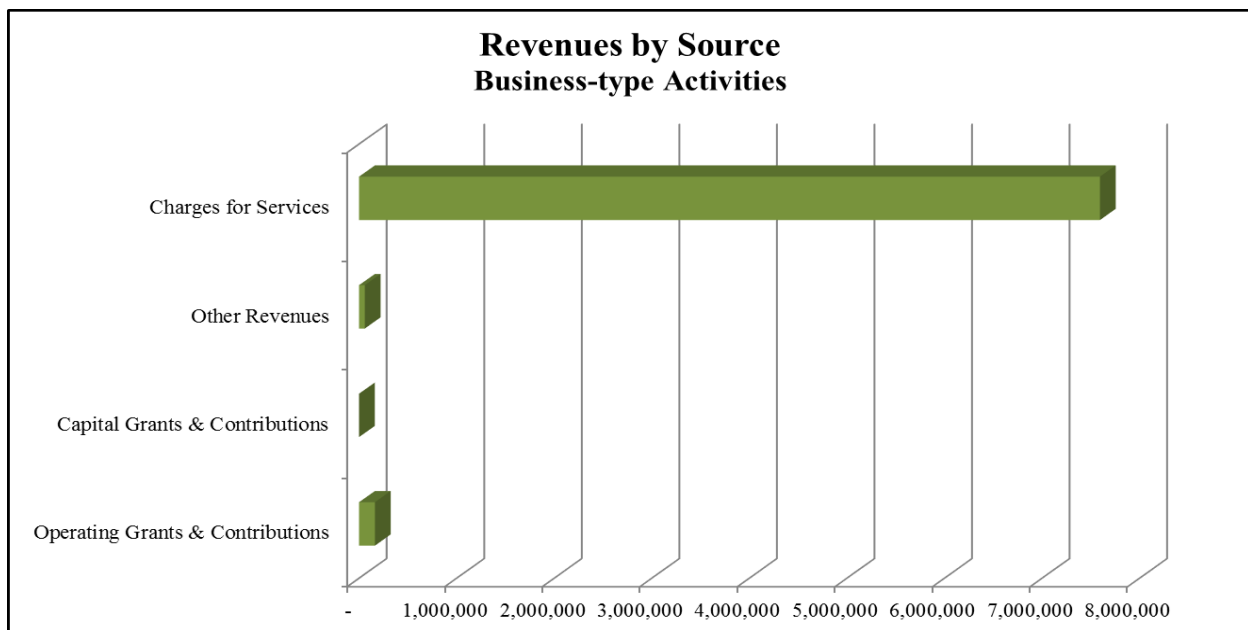
- Employee wages increased approximately 3.81 percent based on the Board of Supervisors approved compensation program.
- Employee benefits costs increased by approximately 2.12 percent. Restructuring of the health plan to a high deductible plan provided positive insurance premium relief.
- Increased engineering fees relating to special projects.

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

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.



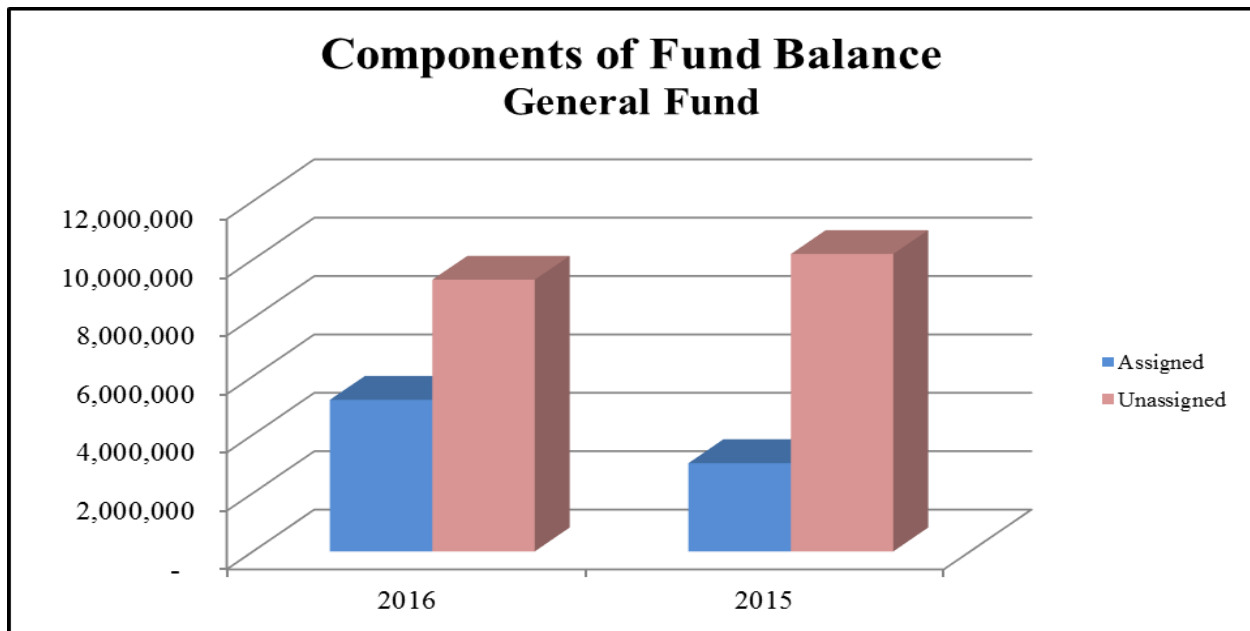
**WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**

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, 2016, the Township's governmental funds reported combined fund balances of \$14,499,741, an increase of \$1,287,736 in comparison with the prior year. Approximately 64 percent, or \$9,307,160, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. Another portion of the fund balance, \$4,919,940, represents resources that are *restricted* for specific purposes: 1) debt service; 2) capital improvements; or 3) additional security for bonds. The remaining balance, \$272,641, represents resources that are *assigned* for specific purposes which are attributable to Special Revenue Funds.



The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the general fund balance decreased to \$9,307,160, all *unassigned* fund balance. 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* (and total) fund balance represents approximately 65 percent of total general fund expenditures.

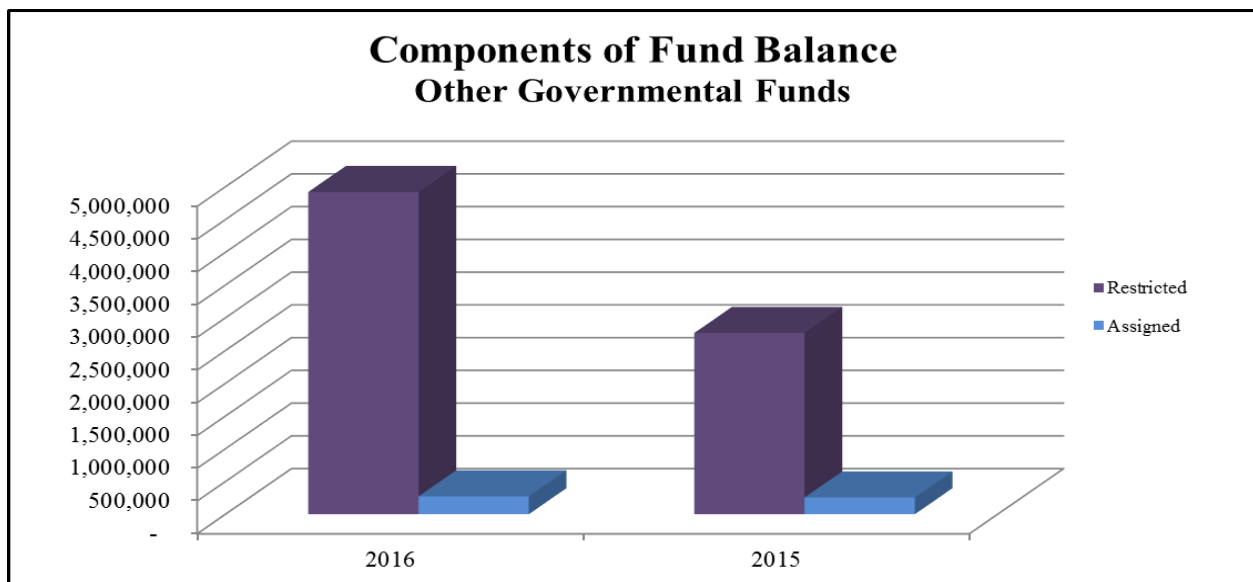
**WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**

For the 2016 Budget, the Board of Supervisors approved a one-time transfer of \$2,000,000 from the General Fund surplus to the Capital Reserve Fund. These funds will finance future unstipulated capital projects from this Fund. Although the General Fund budget shows a surplus of approximately \$177,579 prior to the \$2,000,000 transfer, the net budgeted effect is actually a \$1,822,421 deficit, entirely due to this one-time transfer to the Capital Reserve Fund.

The General Fund realized an actual deficit of \$881,694 at the close of 2016. This is the net effect of a \$1,118,306 surplus and the \$2,000,000 transfer to the Capital Reserve Fund.

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 and other financing sources were more than anticipated by \$338,394. The following revenues all came in over budget: Real Estate Interims, \$43,928; Local Services taxes, \$50,187; Property Transfer Taxes, \$156,904; Interest Earnings and Rents, \$6,816; State Aid Pension, \$53,212; Subdivision Review Fees, \$14,521; Special Police Services, \$13,277; Building Permits, \$352,213; and Plumbing Permits, \$28,766. The following revenues all came in under budget: Real Estate Taxes, \$17,716; Earned Income Taxes, \$189,297; Cable TV Franchise Fees, \$14,478; Vehicle Code Violations, \$37,751; and Miscellaneous Revenue, \$124,105.
- Actual expenses were less than anticipated by \$602,333. The following expenditures all came in under budget: Employee insurance, \$148,052; Workers' Compensation, \$21,356; Conferences and Training, \$8,557; Dues, \$8,912; Uniforms and Boots, \$6,959; Office Supplies, \$6,697; Advertising and Printing, \$18,208; Tuition Reimbursements, \$22,119; Office Equipment Repairs, \$8,870; Road Construction Materials, \$147,246; Storm Water Materials and Professional Services, \$101,533; Snow Materials, \$34,437; Vehicles Gas and Oil, \$58,301; Minor Capital Purchases, \$26,981; and Major Capital Equipment Purchases, \$153,378. The following expenditures all came in over budget: EIT Commissions, \$21,385; Legal Services, \$58,705; Building Repairs and Maintenance, \$54,464; and Vehicle Maintenance and Repairs, \$36,469.



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

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, and 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.

As noted previously, for the 2016 Budget, the Board of Supervisors approved the transfer of \$2,000,000 from the General Fund reserves to the Capital Reserve Fund for future capital projects.

Capital expenditures financed out of this fund in 2016 totaled \$647,966 in the following categories: Public Works (\$28,056 – signal design engineering fees; and \$25,089 – signal preemptions; and \$27,874 – materials); and Debt Service (\$566,947– principal and interest).

The total fund balance as of December 31, 2016, is \$4,849,891, all of which is *restricted* as previously explained.

Capital Projects Funds, 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.

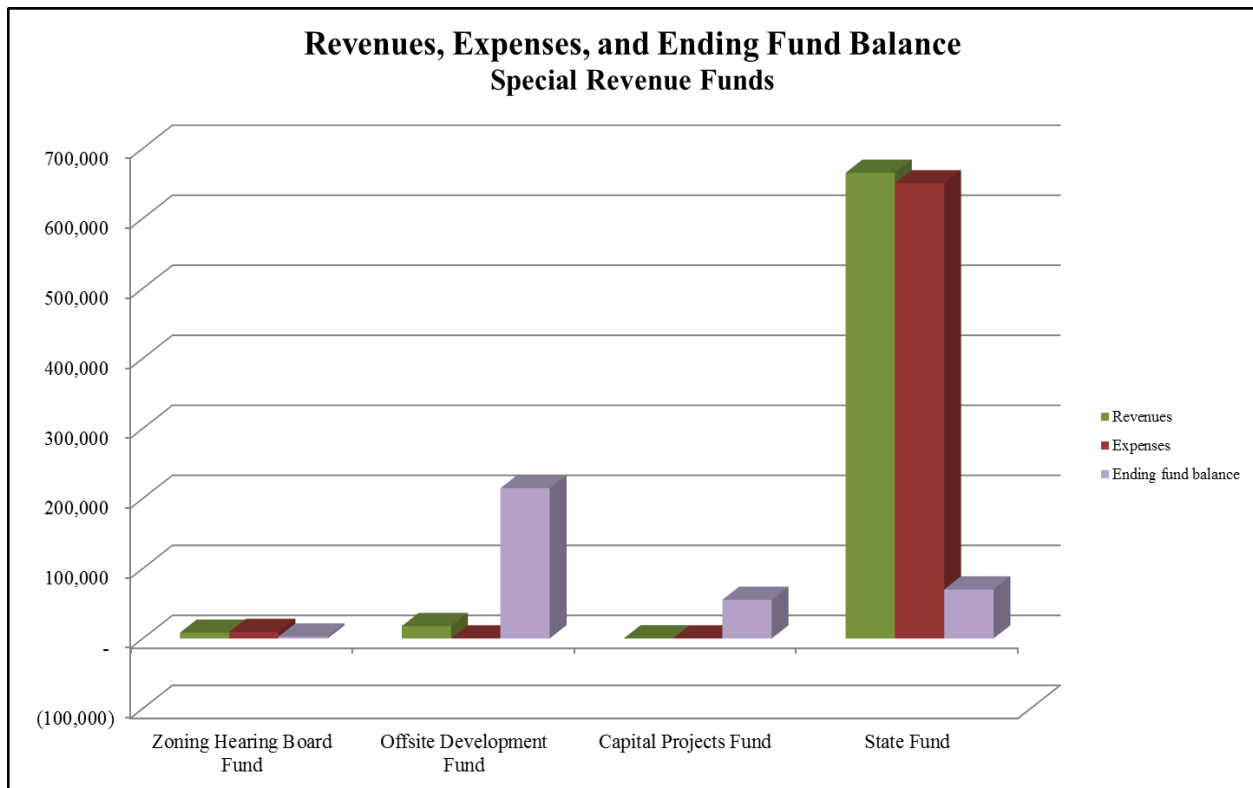
The total fund balance as of December 31, 2016, is \$55,247, all of which is *assigned* as previously explained.

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 \$664,881 (compared to \$569,694 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 \$17,500 (compared to \$25,000 in the prior year) from building contractors for open space projects.

The total fund balance of the Special Revenue Funds as of December 31, 2016 is \$287,443 as compared to \$255,631 in the prior year. Of the current year fund balance of \$287,443, \$70,049 (State Funds) is *restricted*, and the balance of \$217,394 (all other Special Revenue Funds) is *assigned* as previously explained.

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



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 \$11,642,109 as compared to \$12,543,237 in the prior year. The total increase in net position was \$366,815. 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 30 - 31.

For 2016, 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 \$1,822,421.

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

Actual revenues and other financing sources exceeded budgeted amounts by \$338,394. Actual expenditures and other financing uses were under budgeted expenditures by \$602,333. Below are the significant budget variances:

- Earned income taxes came in under budget (\$189,297).
- State Aid Pension came in over budget (\$53,212);
- Real estate taxes came in under budget (\$17,716);
- Real estate tax interims came in over budget (\$43,928);
- Local services taxes came in over budget (\$50,187);
- Cable TV franchise fees came in under budget (\$14,478);
- Interest earnings and rents came in over budget (\$6,816);
- Vehicle code violations came in under budget (\$37,751);
- Transfer taxes came in over budget (\$156,904);
- Subdivision review fees came in over budget (\$14,521);
- Special police services came in over budget (\$13,277);
- Building permits came in over budget (\$352,213);
- Plumbing permits came in over budget (\$28,766);
- Miscellaneous revenues came in under budget (\$124,105);
- Tuition reimbursements came in under budget (\$22,119);
- Advertising and printing came in under budget (\$18,208);
- EIT Commissions came in over budget (\$21,385);
- Workers' Compensation came in under budget (\$21,356);
- Conferences and training came in under budget (\$8,557);
- Dues came in under budget (\$8,912);
- Uniforms and boots came in under budget (\$6,959);
- Office supplies came in under budget (\$6,697);
- Office equipment and repairs came in under budget (\$8,870);
- Legal expenses came in over budget (\$58,705);
- Building repairs and maintenance came in over budget (\$54,464);
- Vehicle repairs and maintenance came in over budget (\$36,469);
- Storm water materials and professional fees came in under budget (\$101,533);
- Vehicle gas and oil came in under budget (\$58,301);
- Snow materials came in under budget (\$34,437);
- Minor capital expenses across all departments came in under budget (\$26,981);
- Major capital expenses across all departments came in under budget (\$153,378);
- Employee insurance came in under budget (\$148,052); and
- Road construction materials came in under budget (\$147,246).

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, 2016 amounts to \$54,083,127, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, land improvements, and infrastructure. The total increase in the Township's investment in capital assets for the current fiscal year was a total of approximately \$309,935, net of accumulated depreciation, or a 0.6 percent increase.

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

**Table 3
CAPITAL ASSETS
December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Buildings and improvements	\$ 12,162,218	\$ 12,015,408	\$ 12,693,602	\$ 12,660,768	\$ 24,855,820	\$ 24,676,176
Machinery and equipment	6,472,805	6,276,794	9,324,824	9,276,002	15,797,629	15,552,796
Vehicles	3,221,004	3,161,026	690,642	625,462	3,911,646	3,786,488
Land	3,128,045	3,128,045	82,083	82,083	3,210,128	3,210,128
Land improvements	2,006,570	1,999,745	606,360	606,360	2,612,930	2,606,105
Infrastructure	49,387,027	48,843,502	16,387,299	16,387,299	65,774,326	65,230,801
Construction-in-progress	356,885	307,430	1,525,150	-	1,882,035	307,430
Total capital assets	76,734,554	75,731,950	41,309,960	39,637,974	118,044,514	115,369,924
Less accumulated depreciation	(41,190,836)	(39,659,468)	(22,770,551)	(21,937,264)	(63,961,387)	(61,596,732)
Capital assets, net of depreciation	<u>\$ 35,543,718</u>	<u>\$ 36,072,482</u>	<u>\$ 18,539,409</u>	<u>\$ 17,700,710</u>	<u>\$ 54,083,127</u>	<u>\$ 53,773,192</u>

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

- \$13,000 – purchase of a new server for the Administration (38 percent) and Police Departments (62 percent);
- \$157,300 – purchase of a paver for the Roads Department;
- \$123,530 – purchase of four vehicles for the Police Department;
- \$41,430 – purchase of three Hustler mowers for the Parks Department;
- \$4,559 – purchase of a mower for the Parks Department;
- \$125,408 – purchase of two trucks for the Parks Department;
- \$18,115 – purchase of one Gator for the Parks Department;
- \$49,061 – purchase of one utility tractor for the Parks Department;
- \$9,418 – purchase of a crew trailer for the Parks Department;
- \$72,426 – purchase of one truck for the Roads Department;
- \$6,898 – purchase of one Aerial Photogrammetry Drone for the Engineering Department;
- \$12,645 – purchase of Case Cracker recording system for the Police Department;
- \$20,785 – replace all locks in the Administration, Police, and Parks Buildings;
- \$27,202 – window tinting to buildings for added security;
- \$6,825 – security gates to the Municipal Complex;
- \$66,462 – purchase of filing cabinet systems for the Administration Building;
- \$11,186 – replace garage and swat doors in the Police Department;
- \$7,545 – purchase of gutters for the Public Works Building;
- \$13,630 – purchase of an E-Rail Snow Retention System for the Public Works Building;
- \$15,440 – additional security cameras to Township buildings;
- \$520,000 – donation of two roadways to the Roads Department from a developer;
- \$23,525 – battery backup systems at several traffic lights;
- \$16,346 – construction-in-progress of the Boot Road/Route 202 Adaptive Signal Project;

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

- \$8,905 – construction-in-progress of the Towne Center pedestrian crossing;
- \$2,805 – construction-in-progress of the Spring Lane and West Chester Pike Traffic Light; and
- \$21,399 – construction-in-progress of the Basin Road Stormwater Basin Retrofit.

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

- \$6,624 – purchase of plotter/scanner;
- \$6,921 – purchase of a descaling head;
- \$10,365 – purchase of a influent meter;
- \$24,911 – purchase of forklift;
- \$98,575 – purchases of one truck;
- \$2,995 – construction-in-progress of the phone system at the Sewer Plant;
- \$32,834 – purchase and installation of new locks at the Sewer Plant;
- \$346,258 – construction-in-progress of the sanity sewer system;
- \$3,171 – construction-in-progress of the sludge facility;
- \$7,807 – construction-in-progress of pump station number 10;
- \$476,684 – construction-in-progress for generators;
- \$47,777 – construction-in-progress of the digesters;
- \$389,892 – construction-in-progress of the primary clarifier #3;
- \$208,092 – construction-in-progress of the headworks for the Sewer Plant;
- \$12,197 – construction-in-progress for entrance improvements at the Sewer Plant;
- \$23,580 – construction-in-progress for chemical system upgrades; and
- \$6,697 – construction-in-progress of bypass connections.

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

Long-term Debt

At December 31, 2016, the Township had \$6,767,000 in bonds and notes outstanding versus \$7,597,000 last year – a decrease of 11 percent – as shown in Table 4 below.

<p style="text-align: center;">Table 4 OUTSTANDING DEBT For the Year Ended December 31, 2016</p>						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation notes	\$ 5,849,000	\$ 6,252,000	\$ -	\$ -	\$ 5,849,000	\$ 6,252,000
Sewer Revenue notes	-	-	918,000	1,345,000	918,000	1,345,000
Total Outstanding Debt	<u>\$ 5,849,000</u>	<u>\$ 6,252,000</u>	<u>\$ 918,000</u>	<u>\$ 1,345,000</u>	<u>\$ 6,767,000</u>	<u>\$ 7,597,000</u>

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

In 2014, the Township completed a General Obligation Note Refunding (Series A and B of 2014) restructuring the 1998 G.O. Note and the 2010 G.O. Note to take advantage of lower interest rates and lower annual debt service payments. Other obligations of the Township include compensated absences of \$912,145, net pension liability of \$2,023,365, and other post-employment benefit obligations of \$3,673,718.

West Goshen Township was assigned a "AA+" rating from Kroll'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 \$42,232,243, 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 50 - 51 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 2017 fiscal year budget.

- The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.
- Interest rates for savings and checking accounts continue to remain at historic lows.
- The overall improvement, both in economic activity and housing market opportunities, continues to be vibrant. 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 5.3 percent to approximately 4.9 percent while the unemployment rate in Chester County is at a more modest 3.7 percent.
- 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.
- Restructuring of the Township's current health insurance coverage to a new \$1,500 single/\$3,000 family deductible plan provides some insurance premium relief for the Township as it faces the excise tax threat looming in 2020.
- The Township adopted a 2017 budget that projects a \$16,904 surplus.
- Township Real Estate Taxes were not increased for 2017.

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

REQUESTS FOR INFORMATION

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

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, 2016
(With Summarized Comparative Data for December 31, 2015)

	Governmental Activities	Business-type Activities	Totals	
			2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	\$13,299,839	\$ 5,847,258	\$19,147,097	\$17,063,662
Cash and cash equivalents, restricted	-	34,567	34,567	24,608
Investments	1,182,022	4,043,019	5,225,041	5,220,587
Investments, restricted	-	1,459,768	1,459,768	1,457,524
Accrued interest	-	7,775	7,775	11,255
Accounts receivable	153,880	2,356,200	2,510,080	2,250,407
Taxes receivable	2,580,932	-	2,580,932	2,754,480
Due from developers	-	-	-	5,699
Total Current Assets	<u>17,216,673</u>	<u>13,748,587</u>	<u>30,965,260</u>	<u>28,788,222</u>
Noncurrent Assets:				
Investments	-	733,702	733,702	2,081,300
Depreciable capital assets, net	32,058,788	16,932,176	48,990,964	50,255,634
Land	3,128,045	82,083	3,210,128	3,210,128
Construction-in-progress	356,885	1,525,150	1,882,035	307,430
Total Noncurrent Assets	<u>35,543,718</u>	<u>19,273,111</u>	<u>54,816,829</u>	<u>55,854,492</u>
TOTAL ASSETS	<u>52,760,391</u>	<u>33,021,698</u>	<u>85,782,089</u>	<u>84,642,714</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	1,032,010	261,682	1,293,692	1,682,137
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$53,792,401</u>	<u>\$33,283,380</u>	<u>\$87,075,781</u>	<u>\$86,324,851</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 203,130	\$ 820,770	\$ 1,023,900	\$ 446,333
Developers' deposits	-	34,567	34,567	24,608
Compensated absences payable within one year	55,576	8,273	63,849	67,931
Notes payable within one year	414,000	448,000	862,000	830,000
Total Current Liabilities	<u>672,706</u>	<u>1,311,610</u>	<u>1,984,316</u>	<u>1,368,872</u>
Noncurrent Liabilities:				
Compensated absences	738,372	109,924	848,296	902,521
Other post-employment benefits obligation	3,320,993	352,725	3,673,718	3,192,346
Notes payable	5,435,000	470,000	5,905,000	6,767,000
Net pension liability	1,710,015	313,350	2,023,365	2,020,650
Total Noncurrent Liabilities	<u>11,204,380</u>	<u>1,245,999</u>	<u>12,450,379</u>	<u>12,882,517</u>
TOTAL LIABILITIES	<u>11,877,086</u>	<u>2,557,609</u>	<u>14,434,695</u>	<u>14,251,389</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	565,662	2,485	568,147	622,520
NET POSITION				
Net investment in capital assets	29,694,718	17,621,409	47,316,127	46,176,192
Restricted for:				
Capital reserve	4,849,891	-	4,849,891	2,712,408
Streets	70,049	-	70,049	54,902
Sewer	-	1,459,768	1,459,768	1,457,524
Unrestricted	6,734,995	11,642,109	18,377,104	21,049,916
TOTAL NET POSITION	<u>41,349,653</u>	<u>30,723,286</u>	<u>72,072,939</u>	<u>71,450,942</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$53,792,401</u>	<u>\$33,283,380</u>	<u>\$87,075,781</u>	<u>\$86,324,851</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Primary Government		Totals
			Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES	Expenses				
General government	\$ 2,710,953	\$ 96,127	\$ (1,988,417)	\$ -	\$ (2,224,316)
Public safety	7,382,445	1,030,477	(5,965,922)	-	(5,956,742)
Public works - highways and streets	4,739,106	386,046	(3,782,437)	-	(4,325,178)
Other public works	169,304	750,081	(169,304)	-	(158,856)
Library	20,000	-	(20,000)	-	(15,000)
Culture and recreation	1,790,090	-	(1,607,399)	-	(1,569,026)
Interest expense	163,947	77,677	(163,947)	-	(175,151)
TOTAL GOVERNMENTAL ACTIVITIES	16,975,845	1,320,213	(13,697,426)	-	(14,424,269)
BUSINESS-TYPE ACTIVITIES					
Sewer operations	5,527,252	4,891,963	-	(3,829)	(419,770)
Waste and recycling	1,930,465	2,170,042	-	303,157	385,116
TOTAL BUSINESS-TYPE ACTIVITIES	7,457,717	7,062,005	-	299,328	(34,654)
TOTAL PRIMARY GOVERNMENT	\$ 24,433,562	\$ 1,482,776	(13,697,426)	299,328	(14,458,923)
GENERAL REVENUES					
Taxes:					
Real estate taxes			3,632,852	-	3,576,264
Real estate transfer taxes			881,904	-	989,947
Earned income taxes			7,598,606	-	7,685,688
Local services tax			1,075,187	-	1,048,411
Franchise taxes			529,175	-	547,466
Investment earnings			36,604	58,826	78,012
Grants and contributions not restricted to specific programs			17,920	-	17,774
Gain on sale of capital assets			81,135	8,661	20,313
Miscellaneous			99,225	-	53,433
TOTAL GENERAL REVENUES			13,952,608	67,487	14,017,308
CHANGE IN NET POSITION			255,182	366,815	(441,615)
NET POSITION, BEGINNING OF YEAR			41,094,471	30,356,471	71,892,557
NET POSITION, END OF YEAR			\$ 41,349,653	\$ 30,723,286	\$ 71,450,942

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

WEST GOSHEN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(With Summarized Comparative Data for December 31, 2015)

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2016	2015
ASSETS					
Cash and cash equivalents	\$ 8,851,548	\$ 4,105,601	\$ 342,690	\$ 13,299,839	\$ 12,063,895
Investments	431,092	750,930	-	1,182,022	1,180,204
Accounts receivable	153,880	-	-	153,880	184,859
Taxes receivable	2,580,932	-	-	2,580,932	2,754,480
TOTAL ASSETS	\$ 12,017,452	\$ 4,856,531	\$ 342,690	\$ 17,216,673	\$ 16,183,438
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 170,133	\$ 6,640	\$ -	\$ 176,773	\$ 250,044
Payroll withholdings	26,357	-	-	26,357	24,714
TOTAL LIABILITIES	196,490	6,640	-	203,130	274,758
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,513,802	-	-	2,513,802	2,696,675
TOTAL DEFERRED INFLOWS OF RESOURCES	2,513,802	-	-	2,513,802	2,696,675
FUND BALANCES:					
Restricted	-	4,849,891	70,049	4,919,940	2,767,310
Assigned	-	-	272,641	272,641	255,841
Unassigned	9,307,160	-	-	9,307,160	10,188,854
TOTAL FUND BALANCES	9,307,160	4,849,891	342,690	14,499,741	13,212,005
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,017,452	\$ 4,856,531	\$ 342,690	\$ 17,216,673	\$ 16,183,438

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, 2016**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 14,499,741
----------------------------------	--	---------------

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	\$ 32,058,788	
Land	3,128,045	
Construction-in-progress	<u>356,885</u>	35,543,718

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.		2,513,802
---	--	-----------

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	(793,948)	
Other post-employment benefits obligation	(3,320,993)	
Note payable	(5,849,000)	
Net pension liability	<u>(1,710,015)</u>	(11,673,956)

Deferred outflows and inflows of resources related to the Township's net pension liability are based on the differences between actuarially determined actual and expected investment returns and differences between actuarial expected and actual experience. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources - deferred pension	1,032,010	
Deferred inflows of resources - deferred pension	<u>(565,662)</u>	<u>466,348</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 41,349,653</u></u>
---	--	-----------------------------

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, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2016	2015
REVENUES					
Taxes	\$ 13,371,422	\$ -	\$ -	\$ 13,371,422	\$ 13,208,426
Licenses and permits	537,090	-	-	537,090	551,956
Fines, forfeits, and costs	160,971	-	-	160,971	160,663
Interest and rents	66,040	11,913	575	78,528	66,169
Intergovernmental revenues	673,252	206,588	664,881	1,544,721	1,188,745
Charges for services/fees	995,058	-	8,250	1,003,308	621,993
Contributions	-	-	17,500	17,500	25,000
Miscellaneous revenue/other	96,075	-	-	96,075	52,683
TOTAL REVENUES	15,899,908	218,501	691,206	16,809,615	15,875,635
EXPENDITURES					
Current:					
General government	2,620,252	-	-	2,620,252	2,598,576
Public safety	6,972,856	-	-	6,972,856	6,734,362
Public works - highways and streets	2,742,372	81,019	650,000	3,473,391	4,062,522
Other public works	169,304	-	-	169,304	158,856
Culture and recreation	1,699,538	-	-	1,699,538	1,685,624
Library	20,000	-	-	20,000	15,000
Miscellaneous	-	-	9,259	9,259	23,287
Debt service:					
Principal	-	403,000	-	403,000	391,000
Interest	-	163,947	-	163,947	175,151
TOTAL EXPENDITURES	14,224,322	647,966	659,259	15,531,547	15,844,378
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,675,586	(429,465)	31,947	1,278,068	31,257
OTHER FINANCING SOURCES (USES)					
Sale of/compensation for sale of capital assets	9,668	-	-	9,668	2,132
Transfers in	-	2,566,948	-	2,566,948	817,032
Transfers out	(2,566,948)	-	-	(2,566,948)	(817,032)
TOTAL OTHER FINANCING SOURCES (USES)	(2,557,280)	2,566,948	-	9,668	2,132
NET CHANGE IN FUND BALANCES	(881,694)	2,137,483	31,947	1,287,736	33,389
FUND BALANCES, BEGINNING OF YEAR	10,188,854	2,712,408	310,743	13,212,005	13,178,616
FUND BALANCES, END OF YEAR	\$ 9,307,160	\$ 4,849,891	\$ 342,690	\$ 14,499,741	\$ 13,212,005

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, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,287,736
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 (\$1,870,576) exceeded capital outlays (\$875,845) in the period.	(994,731)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenue increased by this amount this year.	(182,873)
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.	(54,033)
In the statement of activities, contributed assets are recognized as a capital contribution and as a capital asset, whereas in the governmental funds, the transaction is not recognized.	520,000
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.	403,000
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).	(457,305)
Pension expense in the statement of activities differ from the amount reported in the governmental funds because pension expense is recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	(266,612)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 255,182

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

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Real estate - current	\$ 3,550,000	\$ 3,532,284	\$ (17,716)
Real estate - delinquent and interest	38,000	37,768	(232)
Real estate - interims	20,000	63,928	43,928
Real estate - transfer	725,000	881,904	156,904
Earned income tax	7,969,648	7,780,351	(189,297)
Local services tax	1,025,000	1,075,187	50,187
Licenses and permits	547,054	537,090	(9,964)
Fines, forfeits, and costs	195,000	160,971	(34,029)
Interest and rents	59,224	66,040	6,816
Intergovernmental revenues	619,051	673,252	54,201
Charges for services/fees	596,025	995,058	399,033
Miscellaneous revenue/other	220,180	96,075	(124,105)
TOTAL REVENUES	15,564,182	15,899,908	335,726
EXPENDITURES			
Current:			
General government			
Administration	1,762,350	1,613,722	148,628
Auditing	31,710	33,960	(2,250)
Tax collection	157,852	178,859	(21,007)
Engineering and legal	286,516	332,361	(45,845)
Building maintenance	463,991	461,350	2,641
Total General Government	<u>2,702,419</u>	<u>2,620,252</u>	<u>82,167</u>
Public safety			
Police	5,861,335	5,841,882	19,453
Fire protection	803,244	806,059	(2,815)
Code enforcement	291,285	280,229	11,056
Planning and zoning	39,780	44,686	(4,906)
Total Public Safety	<u>6,995,644</u>	<u>6,972,856</u>	<u>22,788</u>
Public works - highways and streets			
Administration	1,195,790	1,135,353	60,437
Winter maintenance	190,000	173,190	16,810
Road maintenance	881,240	910,613	(29,373)
Road construction	590,376	447,749	142,627
Storm water management	177,000	75,467	101,533
Total Public Works - Highways and Streets	<u>3,034,406</u>	<u>2,742,372</u>	<u>292,034</u>

Continued on next page.

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES (cont'd)			
Other public works			
Traffic signal maintenance	142,677	136,382	6,295
Street lighting	37,200	32,922	4,278
Total Other Public Works	<u>179,877</u>	<u>169,304</u>	<u>10,573</u>
Library	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Culture and recreation			
Recreation	340,514	328,388	12,126
Parks	1,553,795	1,371,150	182,645
Total Culture and Recreation	<u>1,894,309</u>	<u>1,699,538</u>	<u>194,771</u>
TOTAL EXPENDITURES	<u>14,826,655</u>	<u>14,224,322</u>	<u>602,333</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>737,527</u>	<u>1,675,586</u>	<u>938,059</u>
OTHER FINANCING SOURCES (USES)			
Sale of/compensation for capital assets	7,000	9,668	2,668
Transfers out	(2,566,948)	(2,566,948)	-
TOTAL OTHER FINANCING USES	<u>(2,559,948)</u>	<u>(2,557,280)</u>	<u>2,668</u>
NET CHANGE IN FUND BALANCE	(1,822,421)	(881,694)	940,727
FUND BALANCE, BEGINNING OF YEAR	<u>9,995,004</u>	<u>10,188,854</u>	<u>193,850</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,172,583</u>	<u>\$ 9,307,160</u>	<u>\$ 1,134,577</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2016
(With Summarized Comparative Data for December 31, 2015)

	Major Enterprise Funds				Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority			2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Current Assets:							
Cash and cash equivalents	\$ 3,216,162	\$ 1,555,277	\$ 1,075,819	\$ -	-	\$ 5,847,258	\$ 4,999,767
Cash and cash equivalents, restricted	-	-	34,567	-	-	34,567	24,608
Investments	327,878	2,746	3,712,395	-	-	4,040,019	4,040,383
Investments, restricted	-	-	-	1,459,768	-	1,459,768	1,457,524
Accrued interest	-	-	7,775	-	-	7,775	11,255
Accounts receivable	1,116,812	704,253	535,135	-	-	2,356,200	2,065,548
Due from developers	-	-	-	-	-	-	5,699
Total Current Assets	<u>4,660,852</u>	<u>2,262,276</u>	<u>5,365,691</u>	<u>1,459,768</u>	-	<u>13,748,587</u>	<u>12,604,784</u>
Noncurrent Assets:							
Land	-	-	82,083	-	-	82,083	82,083
Construction-in-progress	2,995	-	1,522,155	-	-	1,525,150	-
Depreciable capital assets, net	502,501	-	16,429,675	-	-	16,932,176	17,618,627
Investments	-	-	733,702	-	-	733,702	2,081,300
Total Noncurrent Assets	<u>505,496</u>	<u>-</u>	<u>18,767,615</u>	<u>-</u>	-	<u>19,273,111</u>	<u>19,782,010</u>
TOTAL ASSETS	<u>5,166,348</u>	<u>2,262,276</u>	<u>24,133,306</u>	<u>1,459,768</u>	-	<u>33,021,698</u>	<u>32,386,794</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pension	261,682	-	-	-	-	261,682	331,941
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,428,030</u>	<u>2,262,276</u>	<u>24,133,306</u>	<u>1,459,768</u>	-	<u>33,283,380</u>	<u>32,718,735</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION							
Current Liabilities:							
Accounts payable	\$ 61,855	\$ 20,116	\$ 738,799	\$ -	-	\$ 820,770	\$ 171,575
Developer deposits	-	-	34,567	-	-	34,567	24,608
Compensated absences	7,789	484	-	-	-	8,273	17,091
Note payable within one year	-	-	448,000	-	-	448,000	427,000
Total Current Liabilities	<u>69,644</u>	<u>20,600</u>	<u>1,221,366</u>	<u>-</u>	-	<u>1,311,610</u>	<u>640,274</u>
Noncurrent Liabilities:							
Compensated absences	103,489	6,435	-	-	-	109,924	227,070
Other post-employment benefits obligation	352,725	-	-	-	-	352,725	261,001
Note payable	-	-	470,000	-	-	470,000	918,000
Net pension liability	313,350	-	-	-	-	313,350	315,919
Total Noncurrent Liabilities	<u>769,564</u>	<u>6,435</u>	<u>470,000</u>	<u>-</u>	-	<u>1,245,999</u>	<u>1,721,990</u>
TOTAL LIABILITIES	<u>839,208</u>	<u>27,035</u>	<u>1,691,366</u>	<u>-</u>	-	<u>2,557,609</u>	<u>2,362,264</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred pension	2,485	-	-	-	-	2,485	-
NET POSITION							
Net investment in capital assets	505,496	-	17,115,913	-	-	17,621,409	16,355,710
Restricted	-	-	-	1,459,768	-	1,459,768	1,457,524
Unrestricted	4,080,841	2,235,241	5,326,027	-	-	11,642,109	12,543,237
TOTAL NET POSITION	<u>4,586,337</u>	<u>2,235,241</u>	<u>22,441,940</u>	<u>1,459,768</u>	-	<u>30,723,286</u>	<u>30,356,471</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>5,428,030</u>	<u>2,262,276</u>	<u>24,133,306</u>	<u>1,459,768</u>	-	<u>33,283,380</u>	<u>32,718,735</u>

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, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2016	2015
OPERATING REVENUES						
Fees	\$ 4,621,008	\$ 2,161,095	\$ 202,810	\$ -	\$ 6,984,913	\$ 6,827,805
Other	124,732	8,947	42,396	-	176,075	202,490
TOTAL OPERATING REVENUES	<u>4,745,740</u>	<u>2,170,042</u>	<u>245,206</u>	<u>-</u>	<u>7,160,988</u>	<u>7,030,295</u>
OPERATING EXPENSES						
Contracted services	-	1,774,264	-	-	1,774,264	1,702,964
Sewer collection	163,913	-	-	-	163,913	108,811
Sewer disposal	633,415	-	-	-	633,415	566,087
Salaries and wages	1,421,277	76,802	-	-	1,498,079	1,467,985
Engineering fees	-	-	122,983	-	122,983	59,562
Administration	274,850	45,321	215,638	-	535,809	472,640
Employee benefits	1,140,685	31,884	-	-	1,172,569	1,133,380
Fuel and light	343,492	-	-	-	343,492	391,935
Repairs and maintenance	333,546	2,194	-	-	335,740	301,245
Depreciation	72,006	-	791,336	-	863,342	902,348
TOTAL OPERATING EXPENSES	<u>4,383,184</u>	<u>1,930,465</u>	<u>1,129,957</u>	<u>-</u>	<u>7,443,606</u>	<u>7,106,957</u>
OPERATING INCOME (LOSS)	<u>362,556</u>	<u>239,577</u>	<u>(884,751)</u>	<u>-</u>	<u>(282,618)</u>	<u>(76,662)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	9,046	3,685	39,319	2,244	54,294	49,391
Interest expense	-	-	(14,111)	-	(14,111)	(14,995)
Gain on disposal of capital assets	8,661	-	-	-	8,661	-
Unrealized gain on investments	-	-	4,532	-	4,532	1,400
Grant revenue	-	63,580	-	-	63,580	57,003
TOTAL NONOPERATING REVENUES	<u>17,707</u>	<u>67,265</u>	<u>29,740</u>	<u>2,244</u>	<u>116,956</u>	<u>92,799</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>380,263</u>	<u>306,842</u>	<u>(855,011)</u>	<u>2,244</u>	<u>(165,662)</u>	<u>16,137</u>
Transfers in	-	-	492,945	-	492,945	455,596
Transfers out	(492,945)	-	-	-	(492,945)	(455,596)
Capital contributions	-	-	532,477	-	532,477	-
CHANGE IN NET POSITION	<u>(112,682)</u>	<u>306,842</u>	<u>170,411</u>	<u>2,244</u>	<u>366,815</u>	<u>16,137</u>
NET POSITION, BEGINNING OF YEAR	<u>4,699,019</u>	<u>1,928,399</u>	<u>22,271,529</u>	<u>1,457,524</u>	<u>30,356,471</u>	<u>30,340,334</u>
NET POSITION, END OF YEAR	<u>\$ 4,586,337</u>	<u>\$ 2,235,241</u>	<u>\$ 22,441,940</u>	<u>\$ 1,459,768</u>	<u>\$ 30,723,286</u>	<u>\$ 30,356,471</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:						
Received from customers	\$ 4,857,793	\$ 2,261,348	\$ 289,371	\$ -	\$ 7,408,512	\$ 7,077,944
Paid to suppliers for goods and services	(1,800,616)	(1,831,324)	(250,018)	-	(3,881,958)	(3,523,336)
Paid to employees for services	(2,528,914)	(105,799)	-	-	(2,634,713)	(2,504,982)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>528,263</u>	<u>324,225</u>	<u>39,353</u>	<u>-</u>	<u>891,841</u>	<u>1,049,626</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Grants received from state	-	63,580	-	-	63,580	57,003
Transfer from other funds	-	-	492,945	-	492,945	455,596
Transfer to other funds	(492,945)	-	-	-	(492,945)	(455,596)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(492,945)</u>	<u>63,580</u>	<u>492,945</u>	<u>-</u>	<u>63,580</u>	<u>57,003</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest paid	-	-	(14,111)	-	(14,111)	(14,995)
Principal payments	-	-	(427,000)	-	(427,000)	(407,000)
Proceeds from sale of capital assets	12,000	-	-	-	12,000	114,856
Cash paid for acquisition and construction of capital assets	(150,391)	-	(923,493)	-	(1,073,884)	(287,139)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(138,391)</u>	<u>-</u>	<u>(1,364,604)</u>	<u>-</u>	<u>(1,502,995)</u>	<u>(594,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and investment earnings	9,046	3,685	42,799	2,244	57,774	47,947
Purchases of investments, net of reinvestment	(503)	(2)	1,349,999	(2,244)	1,347,250	623,305
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,543</u>	<u>3,683</u>	<u>1,392,798</u>	<u>-</u>	<u>1,405,024</u>	<u>671,252</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(94,530)</u>	<u>391,488</u>	<u>560,492</u>	<u>-</u>	<u>857,450</u>	<u>1,183,603</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,310,692</u>	<u>1,163,789</u>	<u>549,894</u>	<u>-</u>	<u>5,024,375</u>	<u>3,840,772</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,216,162</u>	<u>\$ 1,555,277</u>	<u>\$ 1,110,386</u>	<u>\$ -</u>	<u>\$ 5,881,825</u>	<u>\$ 5,024,375</u>

Continued on next page.

WEST GOSHEN TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2016	2015
Operating income (loss)	\$ 362,556	\$ 239,577	\$ (884,751)	\$ -	\$ (282,618)	\$ (76,662)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	72,006	-	791,336	-	863,342	902,348
Changes in assets, deferred outflows of resources, and liabilities:						
Accounts receivable	112,053	91,306	38,466	-	241,825	46,294
Due from developers	-	-	5,699	-	5,699	1,355
Net pension asset	-	-	-	-	-	39,509
Deferred outflows of resources - pension	70,259	-	-	-	70,259	(331,941)
Developers' deposits	-	-	9,959	-	9,959	(10,746)
Accounts payable	(51,400)	(9,545)	78,644	-	17,699	90,654
Compensated absences	(128,851)	2,887	-	-	(125,964)	1,879
Other-post employment benefits obligation	91,724	-	-	-	91,724	71,017
Net pension liability	(2,569)	-	-	-	(2,569)	315,919
Deferred inflows of resources - pension	2,485	-	-	-	2,485	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 528,263	\$ 324,225	\$ 39,353	\$ -	\$ 891,841	\$ 1,049,626
SUPPLEMENTAL INFORMATION:						
Cash and cash equivalents	\$ 3,216,162	\$ 1,555,277	\$ 1,075,819	\$ -	\$ 5,847,258	\$ 4,999,767
Cash and cash equivalents, restricted	-	-	34,567	-	34,567	24,608
	\$ 3,216,162	\$ 1,555,277	\$ 1,110,386	\$ -	\$ 5,881,825	\$ 5,024,375
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital assets acquired through the incurrence of accounts payable	\$ -	\$ -	\$ 631,496	\$ -	\$ 631,496	\$ -
Unrealized gain on investments	\$ -	\$ -	\$ 4,532	\$ -	\$ 4,532	\$ 1,400
Capital contributions from participating Townships	\$ -	\$ -	\$ 532,477	\$ -	\$ 532,477	\$ -

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

**WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2016**

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and cash equivalents	\$ 4,000,582
Insurance contracts, at contract value	1,247,371
Investments, at market value: mutual funds	<u>24,096,525</u>
TOTAL ASSETS	<u>\$ 29,344,478</u>
LIABILITIES AND NET POSITION	
LIABILITIES	\$ -
NET POSITION	
Restricted for pension benefits	26,650,050
Restricted for other post-employment benefits	<u>2,694,428</u>
TOTAL NET POSITION	<u>29,344,478</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,344,478</u>

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, 2016

CONTRIBUTIONS AND INVESTMENT GAIN

Contributions:

State aid	\$ 542,456
Employer contributions	460,564
Member contributions	<u>167,572</u>
Total Contributions	<u>1,170,592</u>

Investment earnings:

Net increase in fair value of investments	1,025,595
Realized gain on investments	4,669
Interest and dividends	<u>806,681</u>
Total Investment Gain	<u>1,836,945</u>

TOTAL CONTRIBUTIONS AND INVESTMENT GAIN	<u>3,007,537</u>
---	------------------

DEDUCTIONS

Benefits paid	895,132
Administrative expenses	<u>92,947</u>

TOTAL DEDUCTIONS	<u>988,079</u>
------------------	----------------

CHANGE IN NET POSITION	2,019,458
------------------------	-----------

NET POSITION, BEGINNING OF YEAR	<u>27,325,020</u>
---------------------------------	-------------------

NET POSITION, END OF YEAR	<u><u>\$ 29,344,478</u></u>
---------------------------	-----------------------------

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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 West Goshen Sewer Authority is audited by Barbacane, Thornton & Company LLP; whose report dated May 5, 2017 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include 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 and debt service payments.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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.
- 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 Board 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.

In addition, the Township also maintains the Sewer Reserve Fund (a nonmajor proprietary fund) that accounts for assets set aside for an operating reserve account as specified in the lease agreement between the Township and the West Goshen Sewer Authority.

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, offsite development fund, zoning hearing board fund, and the capital projects fund.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition

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

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

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they 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 resources measurement 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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.

Fiduciary Funds

Trust and Agency Funds – Trust and Agency funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These include Pension Trust and Other Employee Benefits Trust 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 Other Employee Benefits Trust funds account for the activities of the Police Retirement Insurance Fund and the Non-Uniformed Insurance Fund. Pension and Other Employee Benefits Trust funds are accounted for in essentially the same manner as proprietary funds, since the measurement of the economic resources is critical.

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.

In establishing the fair value of investments, the Township uses the following hierarchy. The lowest available level of valuation available is used for all investments.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

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

Capital Assets

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

The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the 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:

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years
Land improvements	10 - 60 years
Buildings and improvements	10 - 40 years
Utility systems	25 - 40 years
Infrastructure	9 - 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. Employees who retire under the normal or early retirement definitions of the pension plans shall be paid 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.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet - governmental funds will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time.

The Township currently has two items that qualify for reporting in this category. Certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows and outflows of resources on the entity-wide and proprietary fund statements of net position. Delinquent taxes not collected within 60 days of year end and, therefore, are not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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 the 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.

Net Position

Net position is classified as follows:

Net Investment in Capital Assets – the Township's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Restricted – amounts limited by external parties or legislation.

Unrestricted – amounts available for consumption or not restricted in any manner.

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, 2015, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended December 31, 2016, the Township implemented GASB Statement No. 72, "Fair Value Measurement and Application." GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments, as well as improving disclosures related to all fair value measurements. The effects of this statement have been included in the Township's financial statement footnotes.

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 Township'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 of America, 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, 2016, the carrying amount of the Township's deposits was \$21,876,092 (excludes the pension funds which

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

are disclosed at Notes 8, 9, and 10), and the bank balance was \$22,305,423. Of the bank balance, \$570,274 was covered by federal depository insurance, and \$20,621,186 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, 2016, \$1,113,963 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, 2016), and is subject to an independent annual audit.

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, 2016, the Township had the following investments and maturities:

Investment Type	Fair Value	Level 1	Investment Maturities (in years)		
			Less Than One Year	One to Five Years	Six to Ten Years
Certificates of deposit	\$ 4,446,097	\$ 4,446,097	\$ 3,712,395	\$ 733,702	\$ -
Money market funds	2,972,414	2,972,414	2,972,414	-	-
TOTAL	\$ 7,418,511	\$ 7,418,511	\$ 6,684,809	\$ 733,702	\$ -

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, 2016, none of Township's investments were subject to custodial credit risk.

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, 2016, all of the Township's investments had maturity dates of less than five years.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 3 INTERFUND ACTIVITY

There are no interfund balances as of December 31, 2016.

Interfund transfers for the year ended December 31, 2016 consisted of the following:

<u>Transfers Out:</u>		<u>Transfers In:</u>	
General Fund	\$ 2,566,948	Capital Reserve	\$ 2,566,948
Sewer Fund	<u>492,945</u>	Sewer Authority	<u>492,945</u>
Total	<u>\$ 3,059,893</u>	Total	<u>\$ 3,059,893</u>

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 Sewer Fund transfer to the Sewer Authority represented the annual lease payment amount of \$441,112 and funds for administrative costs in the amount of \$51,833.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
General capital assets not being depreciated:				
Land	\$ 3,128,045	\$ -	\$ -	\$ 3,128,045
Construction-in-progress	<u>307,430</u>	<u>49,455</u>	<u>-</u>	<u>356,885</u>
Total general capital assets not being depreciated	<u>3,435,475</u>	<u>49,455</u>	<u>-</u>	<u>3,484,930</u>
General capital assets being depreciated:				
Buildings and improvements	12,015,408	146,810	-	12,162,218
Vehicles	3,161,026	321,364	(261,386)	3,221,004
Infrastructure	48,843,502	543,525	-	49,387,027
Land improvements	1,999,745	6,825	-	2,006,570
Machinery and equipment	<u>6,276,794</u>	<u>327,866</u>	<u>(131,855)</u>	<u>6,472,805</u>
Total general capital assets being depreciated	<u>72,296,475</u>	<u>1,346,390</u>	<u>(393,241)</u>	<u>73,249,624</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation:				
Buildings and improvements	2,409,206	241,146	-	2,650,352
Vehicles	1,848,494	329,381	(227,807)	1,950,068
Infrastructure	31,886,223	911,008	-	32,797,231
Land improvements	1,048,369	42,948	-	1,091,317
Machinery and equipment	2,467,176	346,093	(111,401)	2,701,868
Total accumulated depreciation	<u>39,659,468</u>	<u>1,870,576</u>	<u>(339,208)</u>	<u>41,190,836</u>
Total general capital assets being depreciated, net	<u>32,637,007</u>	<u>(524,186)</u>	<u>(54,033)</u>	<u>32,058,788</u>
Governmental Activities, Net	<u>\$36,072,482</u>	<u>\$ (474,731)</u>	<u>\$ (54,033)</u>	<u>\$35,543,718</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 82,083	\$ -	\$ -	\$ 82,083
Construction-in-progress	-	1,525,150	-	1,525,150
Total capital assets not being depreciated, net	<u>82,083</u>	<u>1,525,150</u>	<u>-</u>	<u>1,607,233</u>
Capital assets being depreciated:				
Collection system - infrastructure	16,387,299	-	-	16,387,299
Land improvements	606,360	-	-	606,360
Buildings and improvements	12,660,768	32,834	-	12,693,602
Vehicles	625,462	98,575	(33,394)	690,642
Equipment	9,276,002	48,822	-	9,324,824
Total capital assets being depreciated	<u>39,555,891</u>	<u>180,230</u>	<u>(33,394)</u>	<u>39,702,727</u>
Accumulated depreciation:				
Collection system - infrastructure	8,864,855	257,642	-	9,122,497
Land improvements	250,937	11,187	-	262,124
Buildings and improvements	7,214,597	270,235	-	7,484,832
Vehicles	413,337	41,814	(30,055)	425,096
Equipment	5,193,538	282,464	-	5,476,002
Total accumulated depreciation	<u>21,937,264</u>	<u>863,342</u>	<u>(30,055)</u>	<u>22,770,551</u>
Total capital assets being depreciated, net	<u>17,618,627</u>	<u>(683,112)</u>	<u>(3,339)</u>	<u>16,932,176</u>
Business-type Activities, Net	<u>\$17,700,710</u>	<u>\$ 842,038</u>	<u>\$ (3,339)</u>	<u>\$18,539,409</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

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

Governmental Activities:

General government	\$ 119,056
Public safety	129,795
Public works	1,417,703
Culture and recreation	<u>204,022</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,870,576</u>

Business-type Activities:

Sewer operations	<u>\$ 863,342</u>
------------------	-------------------

NOTE 5 LONG-TERM DEBT

Governmental Activities:

Delaware Valley Regional Finance Authority - General Obligation Note Series A and B of 2014 with interest at a fixed rate of 2.787% per annum, payable annually. Maturity date is January 25, 2028. This Note refunded the 1998 G.O. and the 2010 G.O. Note.	\$ 5,849,000
--	--------------

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, 2016, the interest rate is 1.21%. Maturity date is July 25, 2018.	<u>918,000</u>
--	----------------

Grand Total	<u>\$ 6,767,000</u>
-------------	---------------------

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

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

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2017	\$ 414,000	\$ 163,012	\$ 577,012
2018	426,000	151,473	577,473
2019	439,000	139,601	578,601
2020	452,000	127,366	579,366
2021	465,000	114,769	579,769
2022 - 2026	2,533,000	371,897	2,904,897
2027 - 2028	1,120,000	47,072	1,167,072
	<u>\$ 5,849,000</u>	<u>\$ 1,115,190</u>	<u>\$ 6,964,190</u>

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2017	\$ 448,000	\$ 16,605	\$ 464,605
2018	470,000	11,074	481,074
	<u>\$ 918,000</u>	<u>\$ 27,679</u>	<u>\$ 945,679</u>

A schedule of changes in long-term liabilities is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation note	\$ 6,252,000	\$ -	\$ (403,000)	\$ 5,849,000	\$ 414,000
Compensated absences	726,291	67,657	-	793,948	55,576
OPEB obligation	2,931,345	389,648	-	3,320,993	-
Net pension liability	1,704,731	5,284	-	1,710,015	-
Total Governmental Activities	<u>\$ 11,614,367</u>	<u>\$ 462,589</u>	<u>\$ (403,000)</u>	<u>\$ 11,673,956</u>	<u>\$ 469,576</u>
<u>Business-type Activities:</u>					
Sewer revenue note	\$ 1,345,000	\$ -	\$ (427,000)	\$ 918,000	\$ 448,000
Compensated absences	244,161	-	(125,964)	118,197	8,273
OPEB obligation	261,001	91,724	-	352,725	-
Net pension liability	315,919	-	(2,569)	313,350	-
Total Business-type Activities	<u>\$ 2,166,081</u>	<u>\$ 91,724</u>	<u>\$ (555,533)</u>	<u>\$ 1,702,272</u>	<u>\$ 456,273</u>

For the year ended December 31, 2016, interest expense was \$178,058, of which \$14,112 was recorded as a direct expense of the sewer function.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 6 TAXES

For 2016, 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, 2016 was \$1,810,323,903.

The real estate tax collection calendar is as follows:

Initial billing	-	March 1
Discount period	-	March 1 - April 30
Face period	-	May - June 30
Penalty period	-	July 1 and thereafter
Lien date	-	February 28

Other taxes levied in 2016:

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, 2016, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total Governmental Funds
Restricted:				
Capital projects	\$ -	\$ 4,849,891	\$ -	\$ 4,849,891
Highways and streets	-	-	70,049	70,049
Assigned:				
Open space projects	-	-	214,643	214,643
Zoning hearing	-	-	2,751	2,751
Capital projects	-	-	55,247	55,247
Unassigned	9,307,160	-	-	9,307,160
Total Fund Balances	<u>\$ 9,307,160</u>	<u>\$ 4,849,891</u>	<u>\$ 342,690</u>	<u>\$ 14,499,741</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN

Plan description and provisions:

The West Goshen Township Police Pension Plan 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. The West Goshen Township Police Pension Plan 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

Plan membership as of December 31, 2016 consisted of the following:

Active employees	30
Retirees and beneficiaries currently receiving benefits	15
Inactive members entitled to but not yet receiving benefits	<u>-</u>
Total	<u>45</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2015, 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

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 of America 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.

Method Used to Value Investments

Investments are recorded at fair value.

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 Plan's assets.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the plan's deposits may not be returned. At December 31, 2016, the carrying amount of the plan's deposits was \$1,032,428, of which \$894,891 was invested in a Federated Prime obligations fund held by the trustee of the pension in the plan's name, and \$137,537 was invested in a money market account with Vanguard. None of the plan's deposits were 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, 2016, the Plan had the following investments:

Investment Type	Fair or Contract Value	Level 1	Level 3	Matures in Less Than One Year
Domestic Equity Mutual	\$ 6,453,132	\$ 6,453,132	\$ -	N/A
International Equity Mutual	2,718,951	2,718,951	-	N/A
Fixed Income Mutual	4,520,439	4,520,439	-	N/A
Insurance Contract Income	576,267	-	576,267	\$ 576,267
TOTAL	\$ 14,268,789	\$ 13,692,522	\$ 576,267	\$ 576,267

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. In addition to the MMO, employees were required to contribute five percent to the plan during 2016.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

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, 2015 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 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. Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates by the target asset allocation percentage and then adding expected inflation. The target allocation is in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	42%	5.5% - 7.0%
International equity	18%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
Cash	5%	0.0% - 1.0%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

Changes in Net Pension Liability

The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	\$ 14,861,319	\$ 14,257,841	\$ 603,478
Service cost	415,153	-	415,153
Interest cost	1,057,292	-	1,057,292
Contributions – employer	-	260,711	(260,711)
Contributions – members	-	167,572	(167,572)
Net investment income	-	1,043,030	(1,043,030)
Administrative expenses	-	(27,638)	27,638
Benefit payments	(400,299)	(400,299)	-
Net changes	1,072,146	1,043,376	28,770
Balances at December 31, 2016	\$ 15,933,465	\$ 15,301,217	\$ 632,248

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan, calculated using the discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Plan's net pension liability (asset)	\$ 2,576,109	\$ 632,248	\$ (1,003,327)

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

Money-weighted Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on the police pension fund investments, net of investment expense was 7.35 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension investments by the proportion of time available to earn a return during that period.

Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2016, the Township reported a net pension liability of \$632,248 for its police pension fund.

For the year ended December 31, 2016, the Township recognized pension expense of \$425,037 under this plan. At December 31, 2016, the Township reported deferred outflows and inflows of resources related to the police pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 631,853	\$ 13,872
Net difference between expected and actual experience	<u>-</u>	<u>533,588</u>
	<u>\$ 631,853</u>	<u>\$ 547,460</u>

These amounts will be reported as deferred outflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2017	\$ 78,268
2018	78,268
2019	78,268
2020	78,268
2021	(76,227)
Thereafter	<u>(152,452)</u>
	<u>\$ 84,393</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 NON-UNIFORMED PENSION PLAN

Plan description and provisions:

The West Goshen Township Non-Uniformed Pension Plan 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. The West Goshen Township Non-Uniformed Pension Plan 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 December 31, 2016, the most recent actuarial date, disclosed that plan membership consisted of the following:

Active employees	51
Retirees and beneficiaries currently receiving benefits	24
Inactive members entitled to but not yet receiving benefits	<u>9</u>
Total	<u>84</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2015, 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 member actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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.

If a vested member dies prior to the annuity starting date and has been married for at least one year after attainment of age 50, the participant's surviving spouse shall receive the same benefit that would be payable if the participant had retired with an immediate joint and 100 percent survivor annuity on the day before the participant's date of death. The annuity starting date is defined as the first day of the first period for which an amount is paid as an annuity or in any other form.

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

Investments are recorded at fair value.

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 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 plan's deposits may not be returned. At December 31, 2016, the carrying amount of the plan's deposits was \$93,572, of which \$29,267 was invested in a Federated Prime obligations fund held by the trustee of the pension in the plan's name, and \$64,305 was invested in a money market account with Vanguard. None of the plan's deposits were subject to custodial credit risk.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 NON-UNIFORMED PENSION PLAN (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, 2016, the plan had the following investments:

<u>Investment Type</u>	<u>Fair or Contract Value</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Matures in Less Than One Year</u>
Domestic Equity Mutual	\$ 1,271,342	\$ 1,271,342	\$ -	N/A
International Equity Mutual	3,038,294	3,038,294	-	N/A
Fixed Income Mutual	2,076,339	2,076,339	-	N/A
Insurance Contract Income	313,423	-	313,423	\$ 313,423
TOTAL	<u>\$ 6,699,398</u>	<u>\$ 6,385,975</u>	<u>\$ 313,423</u>	<u>\$ 313,423</u>

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, 2015 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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

increases 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. Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates by the target asset allocation percentage and then adding expected inflation.

The target allocation is in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	42%	5.5% - 7.5%
International equity	18%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
Cash	5%	0.0% - 1.0%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in Net Pension Liability

The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	\$ 7,318,108	\$ 6,216,855	\$ 1,101,253
Service cost	315,049	-	315,049
Interest cost	524,397	-	524,397
Contributions – employer	-	400,769	(400,769)
Net investment income	-	476,625	(476,625)
Administrative expenses	-	(14,892)	14,892
Benefit payments	(286,817)	(286,387)	(430)
Net changes	552,629	576,115	(23,486)
Balances at December 31, 2016	\$ 7,870,737	\$ 6,792,970	\$ 1,077,767

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan, calculated using the discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Plan's net pension liability	\$ 2,050,061	\$ 1,077,767	\$ 251,827

Money-weighted Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on the non-uniformed pension fund investments, net of investment expense was 7.75 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension investments by the proportion of time available to earn a return during that period.

Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2016, the Township reported a net pension liability of \$1,077,767 for its non-uniformed pension fund.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

For the year ended December 31, 2016, the Township recognized pension expense of \$503,054 under the non-uniformed pension plan. At December 31, 2016, the Township reported deferred outflows and inflows of resources related to the non-uniformed pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 276,232	\$ 18,202
Changes in actuarial assumptions	<u>123,925</u>	<u>-</u>
	<u>\$ 400,157</u>	<u>\$ 18,202</u>

These amounts will be reported as deferred outflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2017	\$ 78,277
2018	78,277
2019	78,277
2020	78,277
2021	13,769
Thereafter	<u>55,078</u>
	<u>\$ 381,955</u>

NOTE 10 SEWER PENSION PLAN

Plan description and provisions:

The West Goshen Township Sewer Pension Plan 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. The West Goshen Township Sewer Pension Plan issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Plan Membership

Plan membership as of December 31, 2016 consisted of the following:

Active employees	29
Retirees and beneficiaries currently receiving benefits	10
Inactive members entitled to but not yet receiving benefits	<u>4</u>
Total	<u>43</u>

Benefit Provisions

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2015, 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.

If a vested member dies prior to the annuity starting date and has been married for at least one year after attainment of age 50, the participant's surviving spouse shall receive the same benefit that would be payable if the participant had retired with an immediate joint and 100 percent survivor annuity on the day before the participant's date of death. The annuity starting date is defined as the first day of the first period for which an amount is paid as an annuity or in any other form.

Members are not required to contribute to the plan.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Basis of Accounting

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

Method Used to Value Investments

Investments are recorded at fair value.

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 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 plan's deposits may not be returned. At December 31, 2016, the carrying amount of the plan's deposits was \$180,154, of which \$139,950 was invested in a Federated Prime obligations fund held by the trustee of the pension in the plan's name, and \$40,204 was invested in a money market account with Vanguard. None of the plan's deposits were 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, 2016, the plan had the following investments:

<u>Investment Type</u>	<u>Fair or Contract Value</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Matures in Less Than One Year</u>
Domestic Equity Mutual	\$ 1,963,554	\$ 1,963,544	\$ -	N/A
International Equity Mutual	834,579	834,579	-	N/A
Fixed Income Mutual	1,219,895	1,219,895	-	N/A
Insurance Contract Income	<u>357,681</u>	<u>-</u>	<u>357,681</u>	<u>\$ 357,681</u>
TOTAL	<u>\$ 4,375,709</u>	<u>\$ 4,018,028</u>	<u>\$ 357,681</u>	<u>\$ 357,681</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

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

Contributions

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, 2015 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 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. Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates by the target asset allocation percentage and then adding expected inflation.

The target allocation is in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	42%	5.5% - 7.5%
International equity	18%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
Cash	5%	0.0% - 1.0%
	<u>100%</u>	

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in Net Pension Liability

The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	\$ 4,630,030	\$ 4,314,111	\$ 315,919
Service cost	122,132	-	122,132
Interest cost	325,497	-	325,497
Contributions – employer	-	147,643	(147,643)
Net investment gain	-	315,005	(315,005)
Administrative expenses	-	(12,450)	12,450
Benefit payments	(208,446)	(208,446)	-
Net changes	239,183	241,752	(2,569)
Balances at December 31, 2016	\$ 4,869,213	\$ 4,555,863	\$ 313,350

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan, calculated using the discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Plan's net pension liability (asset)	\$ 852,914	\$ 313,350	\$ (147,756)

Money-weighted Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on the sewer pension plan investments, net of investment expense was 7.41 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension investments by the proportion of time available to earn a return during that period.

Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2016, the Township reported a net pension liability of \$313,350 for its sewer pension plan.

For the year ended December 31, 2016, the Township recognized pension expense of \$217,818 under the sewer pension plan. At December 31, 2016, the Township reported deferred outflows of resources related to the sewer pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 188,959	\$ 2,485
Net difference between expected and actual experience	72,723	-
	<u>\$ 261,682</u>	<u>\$ 2,485</u>

These amounts will be reported as deferred outflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2017	\$ 69,638
2018	69,638
2019	69,638
2020	6,651
2021	7,272
Thereafter	<u>36,360</u>
	<u>\$ 259,197</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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 healthcare 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.

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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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	\$ 689,150
Interest on net OPEB obligation	143,656
Adjustment to annual required contribution	<u>(195,983)</u>
Annual OPEB cost (expense)	636,823
Contributions made	<u>(155,451)</u>
Increase in net OPEB obligation	481,372
Net OPEB obligation - beginning of year	<u>3,192,346</u>
Net OPEB obligation - end of year	<u><u>\$ 3,673,718</u></u>

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
2014	\$ 603,734	\$ 175,277	29.03%	\$ 2,693,483
2015	\$ 645,000	\$ 146,137	22.66%	\$ 3,192,346
2016	\$ 636,823	\$ 155,451	24.41%	\$ 3,673,718

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plans were 0.00 percent funded. The actuarial accrued liability for benefits was \$5,297,826, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$5,297,826. The covered payroll (annual payroll of active employees covered by the plans) was \$7,184,487, and the ratio of the UAAL to the covered payroll was 73.74 percent.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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, 2015 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 6.0 percent, reduced by 0.5 percent 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, 2016 was 24 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.

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. In December 2013, the Authority entered into an Interim Settlement Agreement with the EPA for the reassessment and reconsideration of Goose Creek. This process should be completed in 2017. These limits will

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 12 CONTINGENT LIABILITIES (cont'd)

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 2016 and 2015, the state made contributions of \$542,456 and \$458,738, 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 applied against the net pension liability.

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, 2016:

General Fund:

General Government

Auditing	\$ 2,250
Tax collection	\$ 21,007
Engineering and legal	\$ 45,845

Public Safety

Fire protection	\$ 2,815
Planning and zoning	\$ 4,906

Public Works - highway and streets:

Road maintenance	\$ 29,373
------------------	-----------

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 15 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

The excess expenditures in the general fund were covered by savings in other budgeted expenditure use line items.

NOTE 16 COMMITMENTS

As of December 31, 2016, anticipated construction commitments are as follows:

	<u>Contract Amount</u>	<u>Completed at 12/31/2016</u>	<u>Estimated Balance to Complete</u>
<u>Governmental Activities</u>			
Basin retrofit project	\$ 144,500	\$ 20,518	\$ 123,982
Total Governmental Activities	<u>\$ 144,500</u>	<u>\$ 20,518</u>	<u>\$ 123,982</u>
<u>Business-type Activities</u>			
Generator	\$ 389,578	\$ 141,878	\$ 247,700
Sanitary Sewer	329,109	191,702	137,407
Primary Clarifier	<u>327,596</u>	<u>321,096</u>	<u>6,500</u>
Total Business-type Activities	<u>\$ 1,046,283</u>	<u>\$ 654,676</u>	<u>\$ 391,607</u>

In addition, the Township has incurred costs totaling \$1,206,841 (\$336,367 for governmental activities and \$870,474 for business-type activities) for project costs that are not under a formal contract as of December 31, 2016.

NOTE 17 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 14, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST GOSHEN TOWNSHIP
POLICE PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,
RELATED RATIOS, AND INVESTMENT RETURNS**

	2016	2015	2014
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 415,153	\$ 401,183	\$ 410,584
Interest cost	1,057,292	986,699	971,105
Benefit payments	(400,299)	(396,819)	(477,607)
Changes for experience	<u>-</u>	<u>(711,452)</u>	<u>-</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,072,146	279,611	904,082
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	<u>14,861,319</u>	<u>14,581,708</u>	<u>13,677,626</u>
TOTAL PENSION LIABILITY, END OF YEAR	<u><u>\$ 15,933,465</u></u>	<u><u>\$ 14,861,319</u></u>	<u><u>\$ 14,581,708</u></u>
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions			
Employer	\$ 85,924	\$ 247,834	\$ 233,278
State aid	174,787	209,433	211,512
Employees	167,572	151,755	134,380
Net investment income (loss)	1,043,030	(26,865)	847,036
Benefit payments	(400,299)	(396,819)	(477,607)
Administrative expenses	<u>(27,638)</u>	<u>(27,617)</u>	<u>(28,617)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,043,376	157,721	919,982
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>14,257,841</u>	<u>14,100,120</u>	<u>13,180,138</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u><u>\$ 15,301,217</u></u>	<u><u>\$ 14,257,841</u></u>	<u><u>\$ 14,100,120</u></u>
TOWNSHIP'S NET PENSION LIABILITY	<u><u>\$ 632,248</u></u>	<u><u>\$ 603,478</u></u>	<u><u>\$ 481,588</u></u>
Plan fiduciary net position as a percentage of total pension liability	96.03%	95.94%	96.70%
Covered employee payroll	\$ 3,393,491	\$ 3,063,588	\$ 2,981,325
Township's net pension liability as a percentage of covered payroll	18.63%	19.70%	16.15%
Annual money-weighted rate of return, net of investment expense	7.35%	-0.19%	6.49%

Notes to Schedule:

The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

**WEST GOSHEN TOWNSHIP
POLICE PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2007	\$ 380,134	\$ 380,134	\$ -	\$ 2,131,465	17.83%
2008	317,189	317,189	-	*	*
2009	323,737	323,737	-	2,260,154	14.32%
2010	346,962	346,962	-	*	*
2011	375,872	375,872	-	2,632,976	14.28%
2012	386,005	386,005	-	*	*
2013	449,876	449,876	-	2,886,813	15.58%
2014	444,790	444,790	-	2,981,325	14.92%
2015	457,267	457,267	-	3,063,588	14.93%
2016	260,711	260,711	-	3,393,491	7.68%

* Not available due to biennially required Act 205 report.

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	N/A years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	RP2000 table. This table does not include projected mortality improvements.

Other Information:

There have been no changes in benefit terms since January 1, 2015.

**WEST GOSHEN TOWNSHIP
NON-UNIFORMED PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,
RELATED RATIOS, AND INVESTMENT RETURNS**

	2016	2015	2014
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 315,049	\$ 303,948	\$ 254,248
Interest cost	524,397	486,872	440,546
Benefit payments	(286,817)	(244,638)	(222,549)
Changes for experience	-	154,907	-
NET CHANGE IN TOTAL PENSION LIABILITY	552,629	701,089	472,245
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	7,318,108	6,617,019	6,144,774
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 7,870,737</u>	<u>\$ 7,318,108</u>	<u>\$ 6,617,019</u>
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions			
Employer	\$ 132,083	\$ 203,323	\$ 179,953
State aid	268,686	171,819	163,162
Net investment income (loss)	476,625	(9,007)	384,114
Benefit payments	(286,387)	(244,638)	(222,549)
Administrative expenses	(14,892)	(14,690)	(14,992)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	576,115	106,807	489,688
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	6,216,855	6,110,048	5,620,360
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 6,792,970</u>	<u>\$ 6,216,855</u>	<u>\$ 6,110,048</u>
 TOWNSHIP'S NET PENSION LIABILITY	 <u>\$ 1,077,767</u>	 <u>\$ 1,101,253</u>	 <u>\$ 506,971</u>
Plan fiduciary net position as a percentage of total pension liability	86.31%	84.95%	92.34%
Covered employee payroll	\$ 2,807,489	\$ 2,844,820	\$ 2,782,787
Township's net pension liability as a percentage of covered payroll	38.39%	38.71%	18.22%
Annual money-weighted rate of return, net of investment expense	7.75%	-0.15%	6.89%

Notes to Schedule:

The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

**WEST GOSHEN TOWNSHIP
NON-UNIFORMED PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2007	\$ 211,794	\$ 211,794	\$ -	\$ 1,854,366	11.42%
2008	166,814	166,814	-	*	*
2009	181,383	181,383	-	2,041,108	8.89%
2010	185,993	185,993	-	*	*
2011	218,297	218,297	-	2,167,797	10.07%
2012	219,956	219,956	-	*	*
2013	322,581	322,581	-	2,379,505	13.56%
2014	343,115	343,115	-	2,782,787	12.33%
2015	375,142	375,142	-	2,844,820	13.19%
2016	400,769	400,769	-	2,807,489	14.27%

* Not available due to biennially required Act 205 report.

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	11 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	RP2000 table. This table does not include projected mortality improvements.

Other Information:

There have been no changes in benefit terms since January 1, 2015.

**WEST GOSHEN TOWNSHIP
SEWER PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,
RELATED RATIOS, AND INVESTMENT RETURNS**

	2016	2015	2014
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 122,132	\$ 118,032	\$ 90,928
Interest cost	325,497	304,683	275,004
Benefit payments	(208,446)	(51,518)	(58,672)
Changes for experience	-	87,267	-
NET CHANGE IN TOTAL PENSION LIABILITY	239,183	458,464	307,260
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	4,630,030	4,171,566	3,864,306
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 4,869,213</u>	<u>\$ 4,630,030</u>	<u>\$ 4,171,566</u>
<u>PLAN FIDUCIARY NET POSITION</u>			
Contributions			
Employer	\$ 48,660	\$ 91,693	\$ 95,042
State aid	98,983	77,486	86,175
Net investment income (loss)	315,005	(2,208)	252,270
Benefit payments	(208,446)	(51,518)	(58,672)
Administrative expenses	(12,450)	(12,417)	(12,514)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	241,752	103,036	362,301
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	4,314,111	4,211,075	3,848,774
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 4,555,863</u>	<u>\$ 4,314,111</u>	<u>\$ 4,211,075</u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET)	<u>\$ 313,350</u>	<u>\$ 315,919</u>	<u>\$ (39,509)</u>
Plan fiduciary net position as a percentage of total pension liability	93.56%	93.18%	100.95%
Covered employee payroll	\$ 1,293,914	\$ 1,307,698	\$ 1,420,375
Township's net pension liability (asset) as a percentage of covered payroll	24.22%	24.16%	-2.78%
Annual money-weighted rate of return, net of investment expense	7.41%	-0.05%	6.56%

Notes to Schedule:

The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

**WEST GOSHEN TOWNSHIP
SEWER PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year</u>	<u>Actuarial Determined Contribution</u>	<u>Contributions from Employer</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2007	\$ 148,467	\$ 148,467	\$ -	880,513	16.86%
2008	130,534	130,534	-	*	*
2009	134,681	134,681	-	976,927	13.79%
2010	143,271	143,271	-	*	*
2011	152,522	152,522	-	1,066,174	14.31%
2012	157,737	157,737	-	*	*
2013	180,815	180,815	-	1,114,305	16.23%
2014	181,217	181,217	-	1,420,375	12.76%
2015	169,179	169,179	-	1,307,698	12.94%
2016	147,643	147,643	-	1,293,914	11.41%

* Not available due to biennially required Act 205 report.

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	3 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	RP2000 table. This table does not include projected mortality improvements.

Other Information:

There have been no changes in benefit terms since January 1, 2015.

WEST GOSHEN TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - POST-EMPLOYMENT HEALTHCARE PLAN

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 for the last three valuations is disclosed is below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
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)
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%
01/01/15	\$ -	\$ 5,297,826	\$ 5,297,826	0.0%	\$ 7,184,487	73.74%

WEST GOSHEN TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POST-EMPLOYMENT HEALTHCARE PLAN

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, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	25 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	4.5% per annum, compounded annually
Healthcare and prescription drug cost trend rate	6.0 % per annum, initially decreasing by .5% per year to an ultimate level of 5.5% in 2016

**COMBINING FUND STATEMENTS AND
BUDGETARY COMPARISON SCHEDULES**

WEST GOSHEN TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES
DECEMBER 31, 2016
(With Summarized Comparative Data for December 31, 2015)

	Special Revenue Funds				Totals	
	State Fund	Offsite Development Fund	Hearing Board Fund	Capital Projects Fund	2016	2015
ASSETS:						
Cash and cash equivalents	\$ 70,049	\$ 214,643	\$ 2,751	\$ 55,247	\$ 342,690	\$ 310,743
TOTAL ASSETS	\$ 70,049	\$ 214,643	\$ 2,751	\$ 55,247	\$ 342,690	\$ 310,743
LIABILITIES AND FUND BALANCES						
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:						
Restricted	70,049	-	-	-	70,049	54,902
Assigned	-	214,643	2,751	55,247	272,641	255,841
Total Fund Balances	70,049	214,643	2,751	55,247	342,690	310,743
TOTAL LIABILITIES AND FUND BALANCES	\$ 70,049	\$ 214,643	\$ 2,751	\$ 55,247	\$ 342,690	\$ 310,743

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Special Revenue Funds				Capital Projects Fund	Totals	
	State Fund	Offsite Development Fund	Hearing Board Fund	Zoning Fund		2016	2015
REVENUES:							
Investment earnings	\$ 266	\$ 174	\$ -	-	\$ 135	\$ 575	\$ 889
Intergovernmental revenues	664,881	-	-	-	-	664,881	569,694
Charges for services	-	-	8,250	-	-	8,250	13,000
Contributions	-	17,500	-	-	-	17,500	25,000
TOTAL REVENUES	<u>665,147</u>	<u>17,674</u>	<u>8,250</u>	<u>8,250</u>	<u>135</u>	<u>691,206</u>	<u>608,583</u>
EXPENDITURES:							
Public works - highways and streets	650,000	-	-	-	-	650,000	600,000
Miscellaneous	-	9	9,250	-	-	9,259	23,287
Total Expenditures	<u>650,000</u>	<u>9</u>	<u>9,250</u>	<u>9,250</u>	<u>-</u>	<u>659,259</u>	<u>623,287</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,147</u>	<u>17,665</u>	<u>(1,000)</u>		<u>135</u>	<u>31,947</u>	<u>(14,704)</u>
OTHER FINANCING USES:							
Interfund transfers	-	-	-	-	-	-	(250,881)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,881)</u>
NET CHANGE IN FUND BALANCES	<u>15,147</u>	<u>17,665</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>135</u>	<u>31,947</u>	<u>(265,585)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>54,902</u>	<u>196,978</u>	<u>3,751</u>	<u>3,751</u>	<u>55,112</u>	<u>310,743</u>	<u>576,328</u>
FUND BALANCES, END OF YEAR	<u>\$ 70,049</u>	<u>\$ 214,643</u>	<u>\$ 2,751</u>	<u>\$ 2,751</u>	<u>\$ 55,247</u>	<u>\$ 342,690</u>	<u>\$ 310,743</u>

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUND TYPE - CAPITAL RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES:			
Interest earnings	\$ 6,600	\$ 11,913	\$ 5,313
Grants	299,000	206,588	(92,412)
TOTAL REVENUES	<u>305,600</u>	<u>218,501</u>	<u>(87,099)</u>
EXPENDITURES:			
Public works - highways and streets	447,500	81,019	366,481
Debt Service:			
Principal	403,000	403,000	-
Interest	163,948	163,947	1
TOTAL EXPENDITURES	<u>1,014,448</u>	<u>647,966</u>	<u>366,482</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(708,848)</u>	<u>(429,465)</u>	<u>279,383</u>
OTHER FINANCING SOURCES:			
Interfund transfers	2,566,948	2,566,948	-
TOTAL OTHER FINANCING SOURCES	<u>2,566,948</u>	<u>2,566,948</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,858,100	2,137,483	279,383
FUND BALANCE, BEGINNING OF YEAR	<u>2,692,966</u>	<u>2,712,408</u>	<u>19,442</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,551,066</u>	<u>\$ 4,849,891</u>	<u>\$ 298,825</u>

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUND TYPE - STATE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ 400	\$ 266	\$ (134)
State grants	647,543	664,881	17,338
TOTAL REVENUES	<u>647,943</u>	<u>665,147</u>	<u>17,204</u>
EXPENDITURES			
Public works - highways and streets	650,000	650,000	-
TOTAL EXPENDITURES	<u>650,000</u>	<u>650,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,057)</u>	<u>15,147</u>	<u>17,204</u>
NET CHANGE IN FUND BALANCE	(2,057)	15,147	17,204
FUND BALANCE, BEGINNING OF YEAR	<u>54,911</u>	<u>54,902</u>	<u>(9)</u>
FUND BALANCE, END OF YEAR	<u>\$ 52,854</u>	<u>\$ 70,049</u>	<u>\$ 17,195</u>

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2016
(With Summarized Comparative Data for December 31, 2015)

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund	Police Pension Fund	Non- Uniformed Pension Fund	Sewer Pension Fund	Totals
						2016 2015
ASSETS						
Cash and cash equivalents	\$ 1,258,517	\$ 1,435,911	\$ 1,032,428	\$ 93,572	\$ 180,154	\$ 4,000,582 \$ 3,848,695
Insurance contracts, at contract value	-	-	576,267	313,423	357,681	1,247,371 1,285,278
Investments, at market value: mutual funds	-	-	13,692,522	6,385,975	4,018,028	24,096,525 22,191,047
TOTAL ASSETS	\$ 1,258,517	\$ 1,435,911	\$ 15,301,217	\$ 6,792,970	\$ 4,555,863	\$ 29,344,478 \$ 27,325,020
LIABILITIES AND NET POSITION						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - \$ -
Net Position:						
Restricted for pension benefits	-	-	15,301,217	6,792,970	4,555,863	26,650,050 24,788,807
Restricted for other post-employment benefits	1,258,517	1,435,911	-	-	-	2,694,428 2,536,213
TOTAL NET POSITION	1,258,517	1,435,911	15,301,217	6,792,970	4,555,863	29,344,478 27,325,020
TOTAL LIABILITIES AND NET POSITION	\$ 1,258,517	\$ 1,435,911	\$ 15,301,217	\$ 6,792,970	\$ 4,555,863	\$ 29,344,478 \$ 27,325,020

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Data for the Year Ended December 31, 2015)

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund	Police Pension Fund	Non- Uniformed Pension Fund	Sewer Pension Fund	Totals
						2016 2015
CONTRIBUTIONS AND INVESTMENT INCOME (LOSS)						
Contributions:						
State aid	\$ -	\$ -	\$ 174,787	\$ 268,686	\$ 98,983	\$ 542,456 \$ 458,738
Employer contribution	77,494	116,403	85,924	132,083	48,660	460,564 731,100
Employee contribution	-	-	167,572	-	-	167,572 151,755
Total Contributions	<u>77,494</u>	<u>116,403</u>	<u>428,283</u>	<u>400,769</u>	<u>147,643</u>	<u>1,170,592</u> <u>1,341,593</u>
Investment income (loss):						
Net increase (decrease) in fair value of investments	-	-	586,857	264,336	174,402	1,025,595 (917,840)
Realized gain on investments	-	-	2,257	2,011	401	4,669 5,014
Interest and dividends	1,063	1,222	453,916	210,278	140,202	806,681 877,099
Total Investment Income (Loss)	<u>1,063</u>	<u>1,222</u>	<u>1,043,030</u>	<u>476,625</u>	<u>315,005</u>	<u>1,836,945</u> <u>(35,727)</u>
TOTAL CONTRIBUTIONS AND INVESTMENT INCOME	<u>78,557</u>	<u>117,625</u>	<u>1,471,313</u>	<u>877,394</u>	<u>462,648</u>	<u>3,007,537</u> <u>1,305,866</u>
DEDUCTIONS:						
Benefits paid	-	-	400,299	286,387	208,446	895,132 692,975
Administrative and other expenses	-	37,967	27,638	14,892	12,450	92,947 92,317
TOTAL DEDUCTIONS	<u>-</u>	<u>37,967</u>	<u>427,937</u>	<u>301,279</u>	<u>220,896</u>	<u>988,079</u> <u>785,292</u>
CHANGE IN NET POSITION	<u>78,557</u>	<u>79,658</u>	<u>1,043,376</u>	<u>576,115</u>	<u>241,752</u>	<u>2,019,458</u> <u>520,574</u>
NET POSITION, BEGINNING OF YEAR	<u>1,179,960</u>	<u>1,356,253</u>	<u>14,257,841</u>	<u>6,216,855</u>	<u>4,314,111</u>	<u>27,325,020</u> <u>26,804,446</u>
NET POSITION, END OF YEAR	<u>\$ 1,258,517</u>	<u>\$ 1,435,911</u>	<u>\$15,301,217</u>	<u>\$ 6,792,970</u>	<u>\$ 4,555,863</u>	<u>\$29,344,478</u> <u>\$27,325,020</u>

STATISTICAL SECTION

West Goshen Township
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets										
Restricted	\$ 29,894,890	\$ 29,891,898	\$ 29,263,767	\$ 29,590,575	\$ 29,529,499	\$ 29,647,915	\$ 30,468,198	\$ 29,937,656	\$ 29,820,482	\$ 29,694,718
Unrestricted	7,074,261	6,336,140	4,980,975	4,524,186	4,393,132	4,185,590	3,840,689	3,212,821	2,767,310	4,919,940
Total governmental activities net position	11,555,617	10,932,256	10,613,470	10,397,645	9,762,261	8,620,279	9,746,738	8,401,746	8,506,679	6,734,995
	<u>\$ 48,524,768</u>	<u>\$ 47,160,294</u>	<u>\$ 44,858,212</u>	<u>\$ 44,512,406</u>	<u>\$ 43,684,892</u>	<u>\$ 42,453,784</u>	<u>\$ 44,055,625</u>	<u>\$ 41,552,223</u>	<u>\$ 41,094,471</u>	<u>\$ 41,349,653</u>
Business-type activities										
Net investment in capital assets										
Restricted	\$ 14,437,864	\$ 14,747,693	\$ 15,864,175	\$ 18,160,094	\$ 17,635,564	\$ 17,267,044	\$ 16,935,789	\$ 16,678,775	\$ 16,355,710	\$ 17,621,409
Unrestricted	9,930,033	10,201,477	9,137,829	1,432,798	1,442,605	1,448,033	1,452,764	1,455,339	1,457,524	1,459,768
Total business-type activities net position	4,342,442	2,833,025	2,474,945	8,571,803	9,384,515	10,159,133	11,490,896	12,206,220	12,543,237	11,642,109
	<u>\$ 28,710,339</u>	<u>\$ 27,782,195</u>	<u>\$ 27,476,949</u>	<u>\$ 28,164,695</u>	<u>\$ 28,462,684</u>	<u>\$ 28,874,210</u>	<u>\$ 29,879,449</u>	<u>\$ 30,340,334</u>	<u>\$ 30,356,471</u>	<u>\$ 30,723,286</u>
Primary government										
Net investment in capital assets										
Restricted	\$ 44,332,754	\$ 44,639,591	\$ 45,127,942	\$ 47,750,669	\$ 47,165,063	\$ 46,914,959	\$ 47,403,987	\$ 46,616,431	\$ 46,176,192	\$ 47,316,127
Unrestricted	17,004,294	16,537,617	14,118,804	5,956,984	5,835,737	5,633,623	5,293,453	4,668,160	4,224,834	6,379,708
Total primary government net position	15,898,059	13,765,281	13,088,415	18,969,448	19,146,776	18,779,412	21,237,634	20,607,966	21,049,916	18,377,104
	<u>\$ 77,235,107</u>	<u>\$ 74,942,489</u>	<u>\$ 72,335,161</u>	<u>\$ 72,677,101</u>	<u>\$ 72,147,576</u>	<u>\$ 71,327,994</u>	<u>\$ 73,935,074</u>	<u>\$ 71,892,557</u>	<u>\$ 71,450,942</u>	<u>\$ 72,072,939</u>

Notes:

¹ Unrestricted balances for 2014 have been restated to reflect the GASB 68 Pension Liability Requirement.

West Goshen Township
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 1,801,333	\$ 1,962,787	\$ 2,195,329	\$ 3,062,908	\$ 2,576,740	\$ 2,285,489	\$ 2,184,861	\$ 2,546,127	\$ 2,741,412	\$ 2,710,953
Public safety	5,030,088	5,392,394	6,010,813	6,464,674	6,592,175	6,787,133	6,800,503	7,171,353	7,021,272	7,382,445
Public works - highways and streets	2,508,014	4,476,834	4,704,387	3,565,666	4,242,422	4,366,789	4,667,589	4,899,282	4,949,356	4,739,106
Other public works	161,236	169,750	234,457	121,795	54,681	86,940	110,173	112,722	158,856	169,304
Library	-	-	-	-	2,500	2,500	5,000	10,000	15,000	20,000
Culture and recreation	1,138,543	1,172,675	1,240,395	1,330,682	1,239,590	1,489,677	1,645,589	1,714,787	1,734,113	1,790,090
Interest expense	259,426	228,118	209,898	203,763	343,285	350,154	310,182	444,409	175,151	163,947
Total governmental activities expenses	10,898,640	13,402,558	14,595,279	14,749,488	15,051,393	15,368,682	15,723,897	16,898,680	16,795,160	16,975,845
Business-type activities:										
Sewer operations	3,946,488	4,099,172	4,173,511	4,280,226	4,278,235	4,401,330	4,616,397	4,867,349	5,284,898	5,527,252
Waste and recycling	1,866,119	2,248,783	1,918,726	2,031,249	2,045,978	2,264,025	2,098,813	1,797,087	1,837,054	1,930,465
Total business-type activities expenses	5,812,607	6,347,955	6,092,237	6,311,475	6,324,213	6,665,355	6,715,210	6,664,436	7,121,952	7,457,717
Total Primary Government Expenses	\$ 16,711,247	\$ 19,750,513	\$ 20,687,516	\$ 21,060,963	\$ 21,375,606	\$ 22,034,037	\$ 22,439,107	\$ 23,563,116	\$ 23,917,112	\$ 24,433,562
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 46,597	\$ 50,765	\$ 171,842	\$ 51,943	\$ 85,974	\$ 71,529	\$ 124,036	\$ 66,251	\$ 91,000	\$ 96,127
Public safety	666,253	656,706	478,796	507,756	681,265	711,130	867,147	706,796	644,680	1,030,477
Culture and recreation	127,436	120,724	93,485	696,996	151,485	187,762	214,563	180,458	115,414	105,014
Operating grants and contributions	932,610	977,851	958,303	1,033,480	1,354,353	1,027,497	1,090,913	1,124,722	1,170,971	1,320,213
Capital grants and contributions	740,071	130,030	25,304	751,137	-	-	972,224	363,813	348,826	726,588
Total governmental activities program revenues	2,512,967	1,936,076	1,727,730	3,041,312	2,273,077	1,997,918	3,268,883	2,442,040	2,370,891	3,278,419
Business-type activities:										
Charges for services:										
Sewer operations	3,523,981	3,533,792	3,944,184	4,647,430	4,264,989	4,629,908	5,277,946	4,697,741	4,778,953	4,891,963
Waste and recycling	1,377,304	1,394,321	1,758,456	2,136,619	2,148,782	2,148,038	2,174,578	2,167,053	2,165,167	2,170,042
Operating grants and contributions	139,267	136,321	103,055	190,264	191,654	245,337	228,645	157,564	143,178	162,563
Capital grants and contributions	-	98,854	-	-	-	-	-	-	-	532,477
Total business-type activities program revenues	5,040,552	5,163,288	5,805,695	6,974,313	6,605,425	7,023,283	7,681,169	7,022,358	7,087,298	7,757,045
Total Primary Government Program Revenues	\$ 7,553,519	\$ 7,099,364	\$ 7,533,425	\$ 10,015,625	\$ 8,878,502	\$ 9,021,201	\$ 10,950,052	\$ 9,464,398	\$ 9,458,189	\$ 11,035,464
Net (expense)/revenue										
Governmental activities	\$ (8,385,673)	\$ (11,466,482)	\$ (12,867,549)	\$ (11,708,176)	\$ (12,778,316)	\$ (13,370,764)	\$ (12,455,014)	\$ (14,456,640)	\$ (14,424,269)	\$ (13,697,426)
Business-type activities	(772,055)	(1,184,667)	(286,542)	662,838	281,212	357,928	965,959	357,922	(34,654)	299,328
Total primary government net expense	\$ (9,157,728)	\$ (12,651,149)	\$ (13,154,091)	\$ (11,045,338)	\$ (12,497,104)	\$ (13,012,836)	\$ (11,489,055)	\$ (14,098,718)	\$ (14,458,923)	\$ (13,398,098)

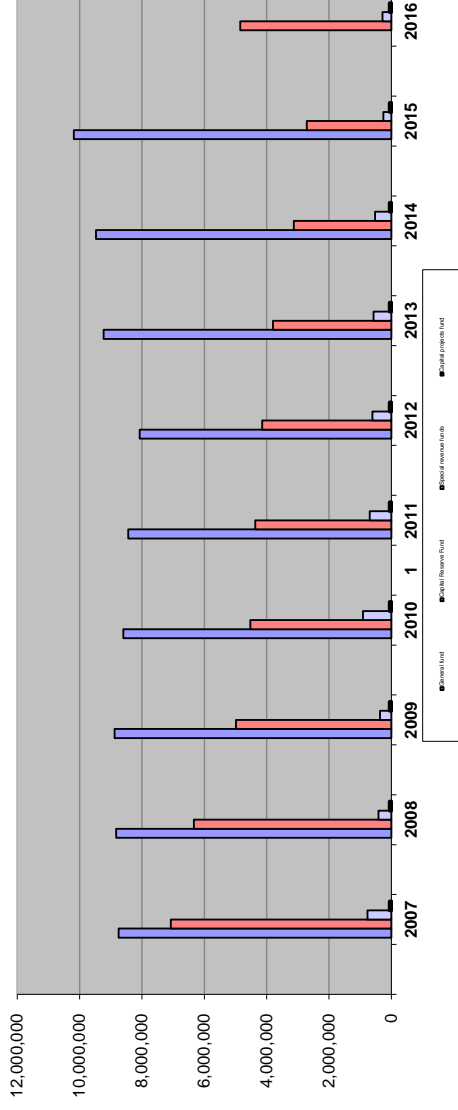
West Goshen Township
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 2,551,015	\$ 2,590,007	\$ 2,601,082	\$ 3,451,584 ¹	\$ 3,458,714	\$ 3,458,366	\$ 3,501,219	\$ 3,543,584	\$ 3,576,264	\$ 3,632,852
Real estate transfer taxes	861,761	564,294	441,286	462,798	568,142	709,390	1,018,868	854,008	989,947	881,904
Earned income taxes	6,530,198	5,386,742	6,264,503	5,999,465	6,366,105	6,447,467	7,976,151	7,046,256	7,685,688	7,598,606
Emergency Municipal Services Tax	1,197,356	812,406	878,489	910,778	921,698	862,127	950,498	1,010,067	1,048,411	1,075,187
Franchise fees	314,316	335,119	348,525	433,767	409,665	437,161	484,134	502,959	547,466	529,175
Investment earnings	718,742	392,927	75,603	55,637	42,211	29,936	26,357	27,788	27,221	36,604
Unrestricted grants and contributions	20,357	19,031	17,515	18,223	19,350	18,350	18,546	19,602	17,774	17,920
Gain (Loss) on sale of capital assets	21,448	(13,328)	(107,610)	(30,774)	80,141	41,079	17,777	(88,763)	20,313	81,135
Miscellaneous	102,046	14,810	40,074	60,892	84,776	169,795	63,305	26,296	53,433	99,225
Total governmental activities	12,317,239	10,102,008	10,565,467	11,362,370	11,950,802	12,173,671	14,056,855	12,941,797	13,966,517	13,952,608
Business-type activities:										
Investment earnings	660,865	256,523	33,658	27,919	16,777	51,392	39,280	38,245	50,791	58,826
Gain (Loss) on sale of capital assets	-	-	-	-	-	2,206	-	25,209	-	8,661
Miscellaneous	(349)	-	(52,362)	(3,011)	-	-	-	-	-	-
Total business-type activities	660,516	256,523	(18,704)	24,908	16,777	53,598	39,280	63,454	50,791	67,487
Total primary government	\$ 12,977,755	\$ 10,358,531	\$ 10,546,763	\$ 11,387,278	\$ 11,967,579	\$ 12,227,269	\$ 14,096,135	\$ 13,005,251	\$ 14,017,308	\$ 14,020,095
Change in Net Position										
Governmental activities	\$ 3,931,566	\$ (1,364,474)	\$ (2,302,082)	\$ (345,806)	\$ (827,514)	\$ (1,197,093)	\$ 1,601,841	\$ (1,514,843)	\$ (457,752)	\$ 255,182
Business-type activities	(111,539)	(928,144)	(305,246)	687,746	297,989	411,526	1,005,239	421,376	16,137	366,815
Total primary government	\$ 3,820,027	\$ (2,292,618)	\$ (2,607,328)	\$ 341,940	\$ (529,525)	\$ (785,567)	\$ 2,607,080	\$ (1,093,467)	\$ (441,615)	\$ 621,997

Notes:

¹ The increase from the prior year was the result of a 33% Real Estate Tax increase.

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



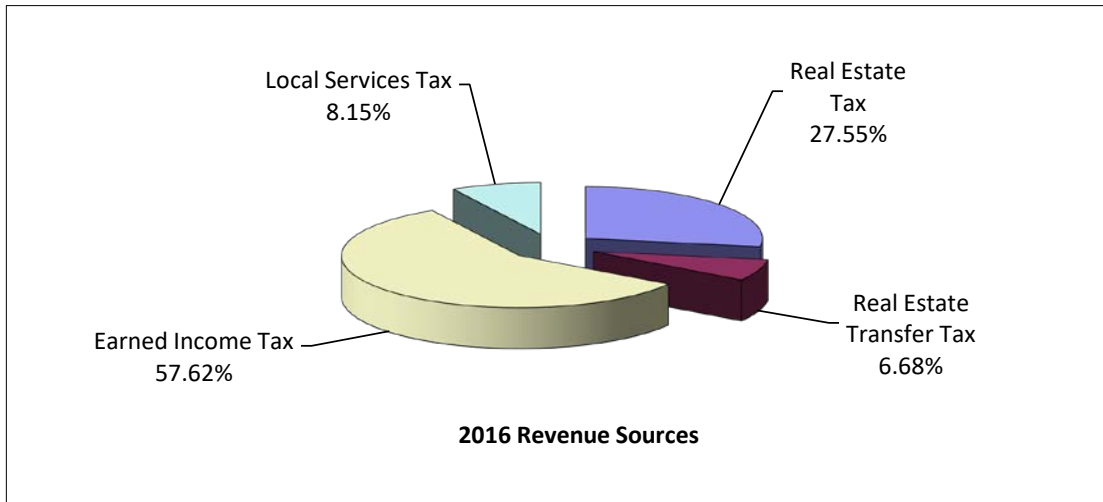
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund	\$ 8,748,955	\$ 8,830,627	\$ 8,879,327	\$ 8,597,789	\$ 8,451,630	\$ 8,072,219	\$ 9,230,147	\$ 9,474,307	\$ 10,188,854	\$ 9,307,160
Unassigned	-	-	-	-	1,985,711	1,756,308	-	-	-	-
Assigned	\$ 8,748,955	\$ 8,830,627	\$ 8,879,327	\$ 8,597,789	\$ 8,437,341	\$ 8,072,219	\$ 9,230,147	\$ 9,474,307	\$ 10,188,854	\$ 9,307,160
Total general fund										
All other governmental funds										
Restricted										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 24,820	\$ 43,919	\$ 40,281	\$ 84,840	\$ 54,902	\$ 70,049
Capital reserve fund	7,074,261	6,336,140	4,980,975	4,524,186	4,368,312	4,141,671	3,800,408	3,127,981	2,712,408	4,849,891
Unassigned										
Special revenue funds	763,108	412,972	361,080	908,506	-	-	-	-	-	-
Capital projects fund	53,008	54,150	54,324	54,487	-	-	-	-	-	-
Assigned										
Special revenue funds	-	-	-	-	673,249	565,730	528,782	436,486	200,729	217,394
Capital projects fund	-	-	-	-	54,651	54,782	54,892	55,002	55,112	55,247
Total Special revenue funds	763,108	412,972	361,080	908,506	688,069	609,649	589,063	521,326	255,631	287,443
Total Capital reserve fund	7,074,261	6,336,140	4,980,975	4,524,186	4,368,312	4,141,671	3,800,408	3,127,981	2,712,408	4,849,891
Total Capital projects fund	53,008	54,150	54,324	54,487	54,651	54,782	54,892	55,002	55,112	55,247
Total all other governmental funds	\$ 7,890,377	\$ 6,803,262	\$ 5,396,379	\$ 5,487,179	\$ 5,121,032	\$ 4,806,102	\$ 4,424,363	\$ 3,704,309	\$ 3,023,151	\$ 5,192,581

NOTES:
1 Effective with year 2011, per 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)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 11,258,617	\$ 9,673,966	\$ 9,987,767	\$ 10,927,967	\$ 11,135,369	\$ 11,648,433	\$ 12,995,470	\$ 12,567,683	\$ 13,208,426	\$ 13,371,422
Licenses and permits	318,926	343,409	352,925	438,392	415,290	443,041	489,642	508,464	551,956	537,090
Fines, forfeits, and costs	243,004	231,412	214,759	184,930	197,134	207,449	214,466	174,803	160,663	160,971
Investment earnings	750,290	430,097	106,423	87,758	77,132	64,854	61,827	65,507	66,169	78,528
Intergovernmental revenues	952,967	996,882	975,819	1,051,703	1,373,704	1,045,847	1,109,459	1,144,325	1,188,745	1,544,721
Charges for services/fees	513,624	506,323	491,644	427,518	603,543	609,674	815,302	637,978	621,993	1,003,308
Contributions	47,500	45,000	2,500	607,500	77,500	112,500	135,000	97,500	25,000	17,500
Miscellaneous revenue/other	102,046	14,810	39,874	59,992	84,776	169,795	63,305	26,296	52,683	96,075
Total Revenue	14,186,974	12,241,899	12,171,711	13,785,760	13,964,448	14,301,593	15,884,471	15,222,556	15,875,635	16,809,615
Expenditures										
General government	1,749,317	1,930,128	2,135,166	2,417,608	1,826,099	2,113,083	2,050,430	2,894,498	2,598,576	2,620,252
Public safety	4,974,334	5,334,087	5,645,437	6,082,453	6,376,953	6,459,639	6,427,841	6,861,716	6,734,362	6,972,856
Public works - highways and streets	1,340,066	3,805,067	3,878,447	6,608,745	5,533,956	3,850,248	3,629,061	3,956,635	4,062,522	3,473,391
Other public works	168,736	169,750	173,608	210,480	175,895	111,845	157,169	119,957	158,856	169,304
Library	-	-	-	-	2,500	2,500	5,000	10,000	15,000	20,000
Culture and recreation	1,028,470	1,057,111	1,188,772	1,238,088	1,350,480	1,541,347	1,632,447	1,576,331	1,685,624	1,699,538
Miscellaneous expenditures	27	27	115,885	12,527	11,047	6,500	20,537	10,137	23,287	9,259
Debt service										
Principal	744,525	724,315	459,431	450,827	619,148	914,961	882,267	6,513,195	391,000	403,000
Interest and other charges	259,426	228,118	209,898	203,763	343,285	350,154	310,182	444,409	175,151	163,947
Issuance costs	-	-	-	37,795	-	-	-	37,072	-	-
Total expenditures	10,264,901	13,248,603	13,806,644	17,262,286	16,239,363	15,350,277	15,114,934	22,423,950	15,844,378	15,531,547
Excess of revenues over (under) expenditures	3,922,073	(1,006,704)	(1,634,933)	(3,476,526)	(2,274,915)	(1,048,684)	769,537	(7,201,394)	31,257	1,278,068
Other financing sources (uses)										
Transfers in	2,839,719	924,862	1,662,025	807,495	1,465,809	1,539,259	1,573,565	625,491	817,032	2,566,948
Transfers out	(2,839,719)	(924,862)	(1,662,025)	(807,495)	(1,465,809)	(1,539,259)	(1,573,565)	(625,491)	(817,032)	(2,566,948)
Refund of prior year revenues	-	-	-	-	-	(25,138)	-	-	-	-
Proceeds from debt	-	-	-	3,272,579	1,740,806	357,770	-	6,643,000	-	-
Proceeds from capital leases	50,089	(2,739)	273,150	-	-	-	-	-	-	-
Sales of capital assets	-	4,000	3,600	13,209	7,514	36,000	6,652	82,500	2,132	9,668
Total other financing sources (uses)	50,089	1,261	276,750	3,285,788	1,748,320	368,632	6,652	6,725,500	2,132	9,668
Net change in fund balances	\$ 3,972,162	\$ (1,005,443)	\$ (1,358,183)	\$ (190,738)	\$ (526,595)	\$ (680,052)	\$ 776,189	\$ (475,894)	\$ 33,389	\$ 1,287,736
Debt service as a percentage of noncapital expenditures	9.8%	7.2%	4.8%	4.0%	5.9%	8.2%	7.9%	31.2%	3.6%	3.7%

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



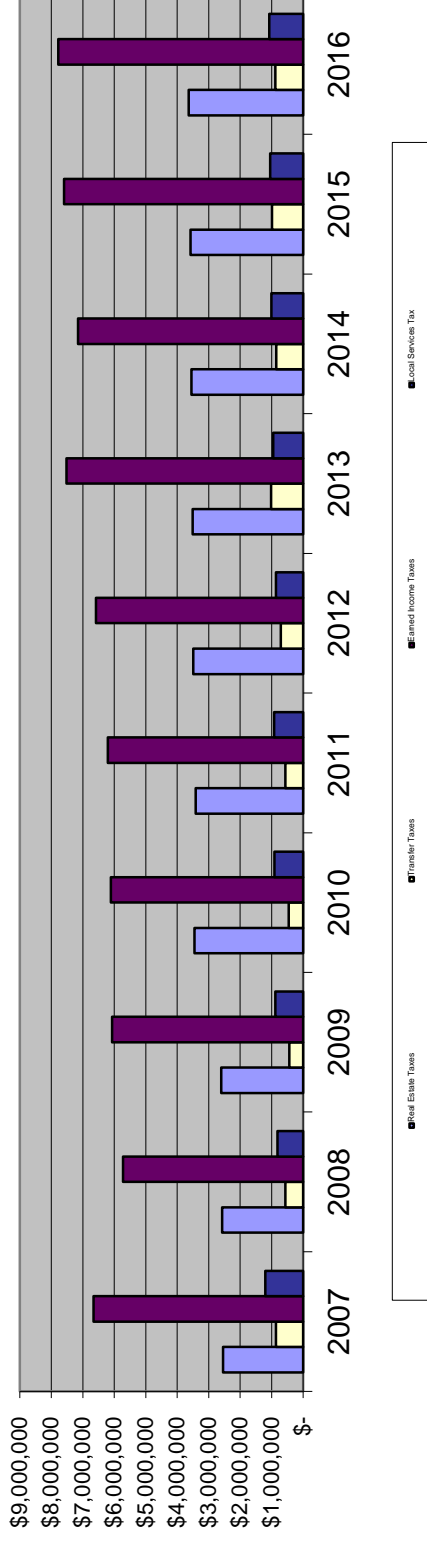
Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Earned Income Tax	Local Services Tax	Total
2007	2,551,015	861,761	6,530,198	1,197,356	\$ 11,140,330
% of total	22.90%	7.74%	58.62%	10.74%	100.00%
2008	2,590,007	564,294	5,386,742	812,406	\$ 9,353,449
% of total	27.69%	6.03%	57.59%	8.69%	100.00%
2009	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	30.13%	6.18%	56.18%	7.51%	100.00%
2013	3,501,219	1,018,868	7,976,151	950,498	\$ 13,446,736
% of total	26.04%	7.58%	59.32%	7.06%	100.00%
2014	3,543,584	854,008	7,046,256	1,010,067	\$ 12,453,915
% of total	28.45%	6.86%	56.58%	8.11%	100.00%
2015	3,576,264	989,947	7,685,688	1,048,411	\$ 13,300,310
% of total	26.89%	7.44%	57.79%	7.88%	100.00%
2016	3,632,852	881,904	7,598,606	1,075,187	\$ 13,188,549
% of total	27.55%	6.68%	57.62%	8.15%	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 mills to 2.0 mills)

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
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 ¹	\$ 10,927,968
2011	\$ 3,416,358	\$ 568,142	\$ 6,204,105	\$ 921,698	\$ 11,110,303
2012	\$ 3,494,949	\$ 709,390	\$ 6,581,967	\$ 862,127	\$ 11,648,433
2013	\$ 3,508,453	\$ 1,018,868	\$ 7,517,652	\$ 950,498	\$ 12,995,471
2014	\$ 3,552,452	\$ 854,008	\$ 7,151,156	\$ 1,010,067	\$ 12,567,683
2015	\$ 3,573,265	\$ 989,947	\$ 7,596,803	\$ 1,048,411	\$ 13,208,426
2016	\$ 3,633,980	\$ 881,904	\$ 7,780,351	\$ 1,075,187	\$ 13,371,422

Notes:

¹ Real Estate Tax increase of 33% over prior year.

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

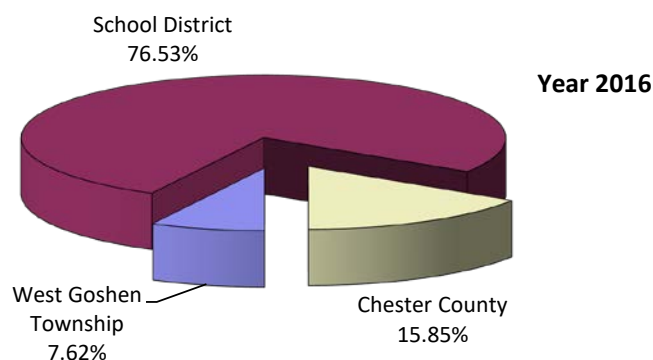
Fiscal Year	Real Estate Assessed Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Estimated Actual Value ¹	Real Estate Millage Rate
2007	\$ 1,732,148,172	51.81%	\$ 3,343,045,972	1.50
2008	\$ 1,747,526,471	51.81%	\$ 3,372,726,089	1.50
2009	\$ 1,752,550,691	52.91%	\$ 3,312,320,806	1.50
2010 ²	\$ 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	\$ 1,750,959,603	58.82%	\$ 2,976,631,325	2.00
2013	\$ 1,766,649,613	60.24%	\$ 2,932,638,358	2.00
2014	\$ 1,782,308,943	57.80%	\$ 3,083,394,471	2.00
2015	\$ 1,806,119,773	55.25%	\$ 3,269,076,789	2.00
2016	\$ 1,810,323,903	55.25%	\$ 3,276,686,264	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 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**



<u>Fiscal Year</u>	<u>West Goshen Township</u>	<u>School District</u>	<u>Chester County</u>	<u>Total Millage</u>
2007	1.500	15.790	3.804	21.094
<i>Percent of total</i>	7.11%	74.86%	18.03%	100.00%
2008	1.500	16.850	3.804	22.154
<i>Percent of total</i>	6.77%	76.06%	17.17%	100.00%
2009	1.500	17.850	3.965	23.315
<i>Percent of total</i>	6.43%	76.56%	17.01%	100.00%
2010	2.000	18.360	3.965	24.325
<i>Percent of total</i>	8.22%	75.48%	16.30%	100.00%
2011	2.000	18.360	3.965	24.325
<i>Percent of total</i>	8.22%	75.48%	16.30%	100.00%
2012	2.000	18.670	3.965	24.635
<i>Percent of total</i>	8.12%	75.79%	16.09%	100.00%
2013	2.000	18.670	4.163	24.833
<i>Percent of total</i>	8.05%	75.18%	16.77%	100.00%
2014	2.000	19.210	4.163	25.373
<i>Percent of total</i>	7.88%	75.71%	16.41%	100.00%
2015	2.000	19.578	4.163	25.741
<i>Percent of total</i>	7.77%	76.06%	16.17%	100.00%
2016	2.000	20.098	4.163	26.261
<i>Percent of total</i>	7.62%	76.53%	15.85%	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, 2016**

Taxpayer	2016				2015			
	Taxable		Percentage of		Taxable		Percentage of	
	Assessed Value	Rank	Assessed Value	Total Taxable	Assessed Value	Rank	Assessed Value	Total Taxable
QVC Realty, Inc.	\$ 35,696,530	1	1.98%		\$ 35,696,530	1	2.02%	
Fern Hill LLC	\$ 16,617,370	2	0.92%		\$ 16,617,370	2	0.94%	
Pointe Apartments Owner LP	\$ 16,440,580	3	0.91%		\$ 16,440,580	3	0.93%	
Home Properties Golf Club, LLC	\$ 14,780,750	4	0.82%		\$ 14,780,750	4	0.84%	
Capital Enterprises, Inc.	\$ 14,633,390	5	0.81%		\$ 14,633,390	5	0.83%	
Goshen Terrace Apartments	\$ 14,198,300	6	0.79%		\$ 14,198,300	6	0.80%	
Cephalon, Inc.	\$ 9,411,460	7	0.52%		\$ 9,411,460	7	0.53%	
Cambridge Apartments	\$ 7,948,790	8	0.44%		\$ 7,948,790	8	0.45%	
Lancaster Court Associates	\$ 7,454,310	9	0.41%		\$ 7,454,310	9	0.42%	
Turks Head Health Services, Inc.	\$ 6,799,320	10	0.38%		\$ 6,799,320	10	0.38%	
	\$ 143,980,800		7.97%		\$ 143,980,800		8.15%	

Note: Total taxable assessed value, all real property in West Goshen Township, December 31, 2016, \$1,810,323,903.

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
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%
2013	\$ 3,533,299	\$ 3,457,735	97.86%	\$ 50,718	\$ 3,508,453	99.30%
2014	\$ 3,564,618	\$ 3,498,462	98.14%	\$ 53,990	\$ 3,552,452	99.66%
2015	\$ 3,612,240	\$ 3,534,724	97.85%	\$ 38,541	\$ 3,573,265	98.92%
2016	\$ 3,620,648	\$ 3,596,212	99.33%	\$ 37,768	\$ 3,633,980	100.37%

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
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	\$ 1,750,959,603	\$ 7,395,462	\$ -	\$ 7,395,462	0.42%	\$ 334
2013	22,873	\$ 1,766,649,613	\$ 6,513,195	\$ -	\$ 6,513,195	0.37%	\$ 285
2014	23,050	\$ 1,782,308,943	\$ 6,643,000	\$ -	\$ 6,643,000	0.37%	\$ 288
2015	23,137	\$ 1,806,119,773	\$ 6,252,000	\$ -	\$ 6,252,000	0.35%	\$ 270
2016	23,287	\$ 1,810,323,903	\$ 5,849,000	\$ -	\$ 5,849,000	0.32%	\$ 251

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, 2016

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to West Goshen Township</u>	<u>Amount Applicable to West Goshen Township</u>
DIRECT DEBT:			
West Goshen Township	\$ 5,849,000	100.00%	\$ 5,849,000
OVERLAPPING DEBT:			
County of Chester	\$ 549,533,936	4.90%	<u>26,924,270</u>
TOTAL			<u><u>\$ 32,773,270</u></u>

Note: County of Chester data not yet available for 2016, amount reflects 2015 general obligation 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, 2016

	Year Ended December 31,		
	2016	2015	2014
Total Revenues	\$ 26,829,817	\$ 25,053,189	\$ 31,583,444
Deduct excludable items under Section 8002©(16) of the Act:			
Nonrecurring items:			
Grants and gifts-in-aid	664,881	569,694	519,144
Proceeds from general long-term debt	18,329	2,132	6,750,709
Total Revenues as Defined in Section 8002©(16) of the Act	<u>\$ 26,146,607</u>	<u>\$ 24,481,363</u>	<u>\$ 24,313,591</u>
Total Revenues as Defined in Section 8002[c][16] of the Act for the three years ended December 31, 2016			<u>\$ 74,941,561</u>
Borrowing Base - Arithmetic Average of Total Revenues			<u>\$ 24,980,520</u>
Debt Limit			250%
Debt Limitation			<u>\$ 62,451,301</u>

Note¹: 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)

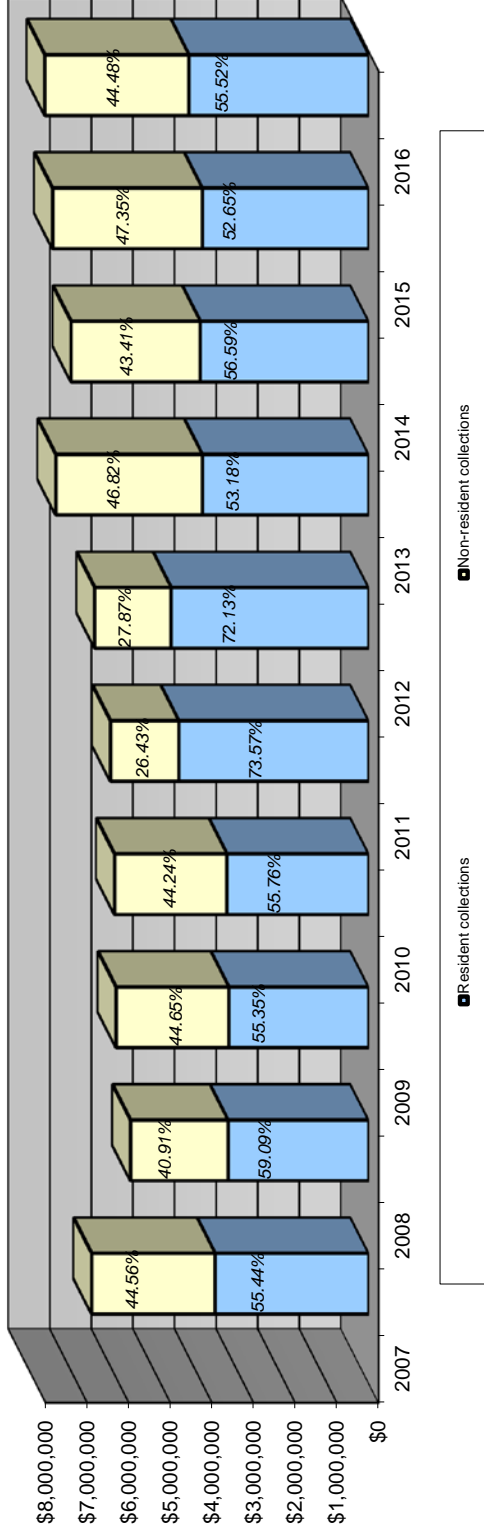
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 197,751	\$ 199,115	\$ 199,727	\$ 199,580	\$ 199,871	\$ 200,093	\$ 202,028	\$ 203,174	\$ 205,612	\$ 206,126
Total net debt applicable to limit	4,726	4,101	3,769	6,695	7,883	7,396	6,513	6,643	6,252	5,849
Legal debt margin	\$ 193,025	\$ 195,014	\$ 195,958	\$ 192,885	\$ 191,988	\$ 192,697	\$ 195,515	\$ 196,531	\$ 199,360	\$ 200,277
Total net debt applicable to the limit as a percentage of debt limit	2.39%	2.06%	1.89%	3.35%	3.94%	3.70%	3.22%	3.27%	3.04%	2.84%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 1,810,324
Add back: exempt real property	250,935
Total assessed value	\$ 2,061,259
Debt limit (10% of total assessed value)	206,126
Debt applicable to limit:	
General obligation bonds	5,849
Total net debt applicable to limit	5,849
Legal debt margin	\$ 200,277

Assessed value	\$ 1,732,148	\$ 1,747,526	\$ 1,752,551	\$ 1,750,818	\$ 1,750,414	\$ 1,750,960	\$ 1,766,650	\$ 1,782,309	\$ 1,806,120	\$ 1,810,324
Add back: exempt real property	245,361	243,625	244,720	244,978	248,297	249,966	253,627	249,435	249,996	250,935
Total assessed value	\$ 1,977,509	\$ 1,991,151	\$ 1,997,271	\$ 1,995,796	\$ 1,998,711	\$ 2,000,926	\$ 2,020,277	\$ 2,031,744	\$ 2,056,116	\$ 2,061,259
@ 10%	\$ 197,751	\$ 199,115	\$ 199,727	\$ 199,580	\$ 199,871	\$ 200,093	\$ 202,028	\$ 203,174	\$ 205,612	\$ 206,126

**West Goshen Township
Earned Income Tax Revenue
Last Ten Fiscal Years
(Modified accrual basis of accounting)**



Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Resident collections	\$ 3,689,404	\$ 3,379,784	\$ 3,358,935	\$ 3,405,809	\$ 4,564,658	\$ 4,747,862	\$ 3,997,914	\$ 4,046,867	\$ 4,000,004	\$ 4,320,001
% of total	55.44%	59.09%	55.35%	55.76%	73.57%	72.13%	53.18%	56.59%	52.65%	55.52%
Non-resident collections	2,965,794	2,339,958	2,709,567	2,701,656	1,639,447	1,834,105	3,519,737	3,104,289	3,596,810	3,460,350
% of total	44.56%	40.91%	44.65%	44.24%	26.43%	27.87%	46.82%	43.41%	47.35%	44.48%
Total earned income tax collected	\$ 6,655,198	\$ 5,719,742	\$ 6,068,502	\$ 6,107,465	\$ 6,204,105	\$ 6,581,967	\$ 7,517,652	\$ 7,151,156	\$ 7,596,814	\$ 7,780,351

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, Berkeimer Administrators, and Keystone Collections.

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

DIRECT:

West Goshen Township									
Individuals				Employers					
# of Residents		Total		# of Emplrs		Closed/		Total Open	
On file	Exempts	Taxables	On file	On file	Bankrupt	Employers	Average	Earnings	

1999	22,008	5,593	16,415	2,453	1,176	1,277	\$42,685		
2000	23,145	5,755	17,390	2,364	979	1,385	\$44,726		
2001	23,504	5,794	17,710	2,489	1,027	1,462	\$46,064		
2002	23,580	5,794	17,786	2,619	1,065	1,554	\$43,597		
2003	23,939	5,681	18,258	2,709	1,089	1,620	\$43,713		
2004	25,481	5,799	19,682	2,829	1,161	1,668	\$50,507		
2005	25,466	5,818	19,648	2,929	1,168	1,761	\$50,249		
2006	24,965	5,983	18,982	3,032	1,224	1,808	\$52,492		
2007	25,928	6,045	19,883	3,148	1,272	1,876	\$52,820		
2008	25,849	6,203	19,646	3,294	1,330	1,964	\$53,544		

OVERLAPPING:

West Chester Area School District Municipalities									
Individuals				Employers					
# of Residents		Total		# of Emplrs		Closed/		Total Open	
On file	Exempts	Taxables	On file	On file	Bankrupt	Employers	Average	Earnings	

1999	114,236	25,468	88,768	8,183	3,760	4,423	\$43,141		
2000	119,272	26,277	92,995	7,757	2,887	4,870	\$76,316		
2001	120,444	26,414	94,030	8,139	3,058	5,081	\$53,360		
2002	122,758	25,785	96,973	8,735	3,184	5,551	\$50,593		
2003	127,787	26,407	101,380	9,248	3,299	5,949	\$44,626		
2004	129,601	26,709	102,892	9,510	3,464	6,046	\$52,434		
2005	132,767	27,387	105,380	10,081	3,608	6,473	\$55,343		
2006	130,461	23,359	107,102	10,527	3,803	6,724	\$57,552		
2007	131,793	28,465	103,328	11,068	3,952	7,116	\$57,160		
2008	132,338	29,272	103,066	11,363	4,191	7,172	\$57,394		

Notes:

2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016 statistics are not available.
 Exempt individuals include disabled, homemaker, non-adult, and retired statuses.
 Municipalities included in the West Chester Area School District: West Chester Township, 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**

Taxpayer	2016			2015		
	Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
QVC Network, Inc.	2,255	1	11.3%	2,254	1	8.2%
United Parcel Service, Inc.	1,639	2	8.2%	1,582	2	5.7%
Chester County Court House	737	3	3.7%	706	5	2.6%
PA State System of Higher Education	697	4	3.5%	727	4	2.6%
West Chester School West Goshen	666	5	3.3%	1,556	3	5.6%
The ARC of Chester County	615	6	3.1%	544	7	2.0%
A. Duie Pyle, Inc.	600	7	3.0%	612	6	2.2%
Atlantic Coast Athletic Club	380	8	1.9%	394	8	1.4%
Comcast Cablevision of Willow	325	9	1.6%	319	9	1.2%
TEVA Branded Pharmaceutical	285	10	1.4%	257	10	0.9%
Total, 10 largest employers	<u>8,199</u>		<u>41.0%</u>	<u>8,951</u>		<u>32.5%</u>
Note: Total employment in West Goshen Township subject to Earned Income Tax	<u>19,994</u>			<u>27,550</u>		

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 2014. As a result of the transition to Act 32 mandatory withholding in tax year 2014, 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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Code enforcement										
Building permits	1,084	1,252	773	888	1,111	1,105	1,142	1,779	1,329	1,154
New construction	37	26	11	17	44	61	67	39	8	7
Additions and alterations	219	245	200	226	281	286	304	292	275	374
Subdivision plans	5	2	2	2	2	3	2	9	0	2
Lots approved	13	9	8	29	0	14	0	17	0	626
Zoning appeals	5	8	4	4	5	6	8	14	9	9
Land development	10	11	9	6	4	4	4	9	5	13
Police										
Physical arrests	1734	956	1,065	972	1,401	1,647	2,685	1,356	1,073	882
Traffic violations	3,063	3,308	3,396	2,879	2,466	2,876	3,659	2,901	2,947	2,813
Parking violations	195	197	281	237	174	199	118	132	126	117
Alarm violations	941	1,006	883	946	913	870	878	833	894	828
Fire										
Number of calls answered	63	75	54	59	53	72	70	70	74	77
Inspections	463	404	340	449	895	564	498	461	427	409
Highways and streets										
Street resurfacing (miles)	0.00	10.32	5.19	5.02	5.6	5.77	5.42	5.24	5.29	5.62
Culture and recreation										
Summer recreation program registrations	329	314	270	303	291	308	294	329	360	368
Summer sports clinic registrations	97	91	89	70	54	63	33	54	49	36
Park/pavilion permits issued	95	89	81	77	88	85	84	89	84	84

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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building	1	1	1	1	1	1	1	1	1	1
Public safety										
Police:										
Building	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Building	-	-	-	-	-	1	1	1	1	1
Streets (miles)	85.64	85.93	87.56	87.56	87.56	87.56	87.96	88.47	88.64	88.85
Bridges	2	2	2	2	2	2	3	3	3	3
Traffic Signals	28	28	28	29	29	30	30	30	31	31
Culture and recreation										
Building	1	1	1	1	1	1	1	1	1	1
Parks acreage	112.70	112.70	112.70	112.70	104.50	104.50	104.50	104.50	104.50	104.50
Parks	13	13	13	13	12	12	12	12	12	12
Tennis courts	6	6	6	6	6	6	6	6	6	6
Skate Grounds	1	1	1	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	3	3	3	3	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	2	2	2	2	2	2	2	2	2	2
Maintenance garage	1	1	1	1	1	1	1	1	1	1

Source: Various township departments.

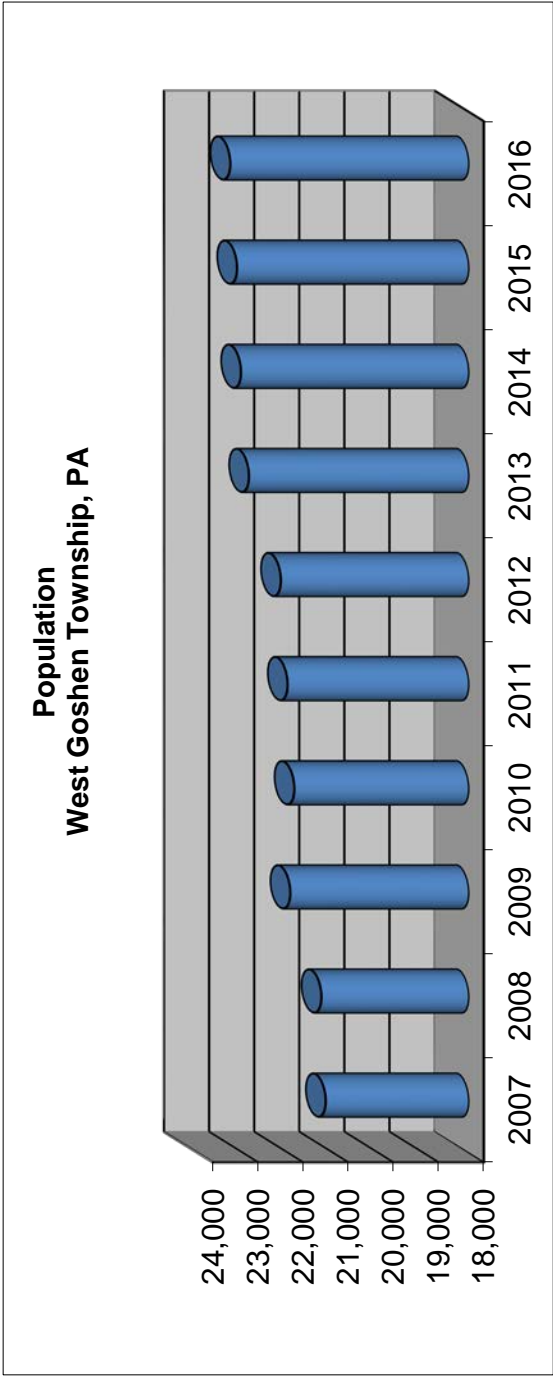
Note: No capital assets indicators are available for the general government function.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	15	15	15	13	13	12	13	15	16	15
Public safety										
Officers	25	27	29	29	28	28	27	26	29	29
Dispatchers	2	2	2	2	2	2	2	2	2	2
Administration	3	2	2	2	2	2	2	2	2	3
Code Inspectors	2	2	2	2	2	2	2	2	2	2
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Highways and streets	10	12	13	13	14	16	16	16	17	17
Culture and recreation	11	11	11	11	12	12	12	12	12	12
Sewer	<u>15</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>16</u>	<u>17</u>
Total	84	88	91	89	90	91	92	94	97	98

West Goshen Township
Population Statistics
Last Ten Fiscal Years

Population statistics - West Goshen Township, PA

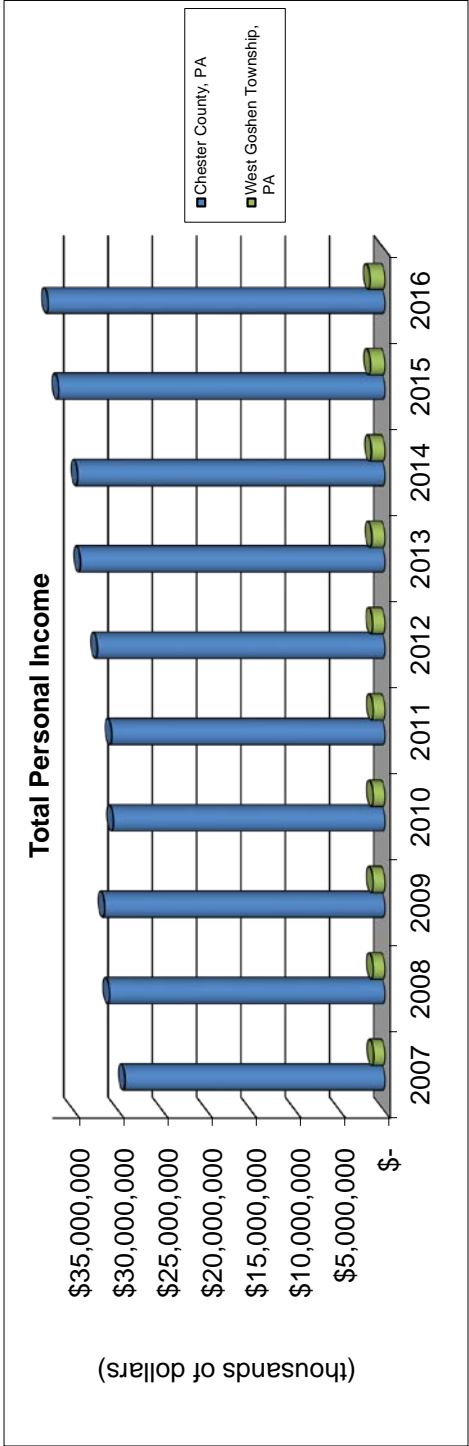


Population	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
West Goshen Township, PA	21,171	21,266	21,956	21,866	22,016	22,166	22,873	23,050	23,137	23,287
Over-the-year change	0.5%	0.4%	3.7%	-0.4%	0.7%	0.7%	3.2%	0.8%	0.4%	0.6%
Chester County, PA	487,567	493,281	498,894	498,886	503,897	506,190	509,500	512,784	515,939	516,312

Source: U.S. Census Bureau

West Goshen Township
Total Personal Income
Last Ten Fiscal Years

Total personal income - Chester County, PA



	Fiscal Year									
Total Personal Income (thousands of dollars)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chester County, PA	\$29,334,783	\$31,072,921	\$31,623,521	\$30,637,208	\$30,831,251	\$32,456,149	\$34,366,140	\$34,676,188	\$36,815,914	\$38,077,908
West Goshen Township, PA	\$ 1,287,322	\$ 1,349,240	\$ 1,363,332	\$ 1,348,324	\$ 1,351,323	\$ 1,418,057	\$ 1,504,889	\$ 1,556,719	\$ 1,654,901	\$ 1,707,583

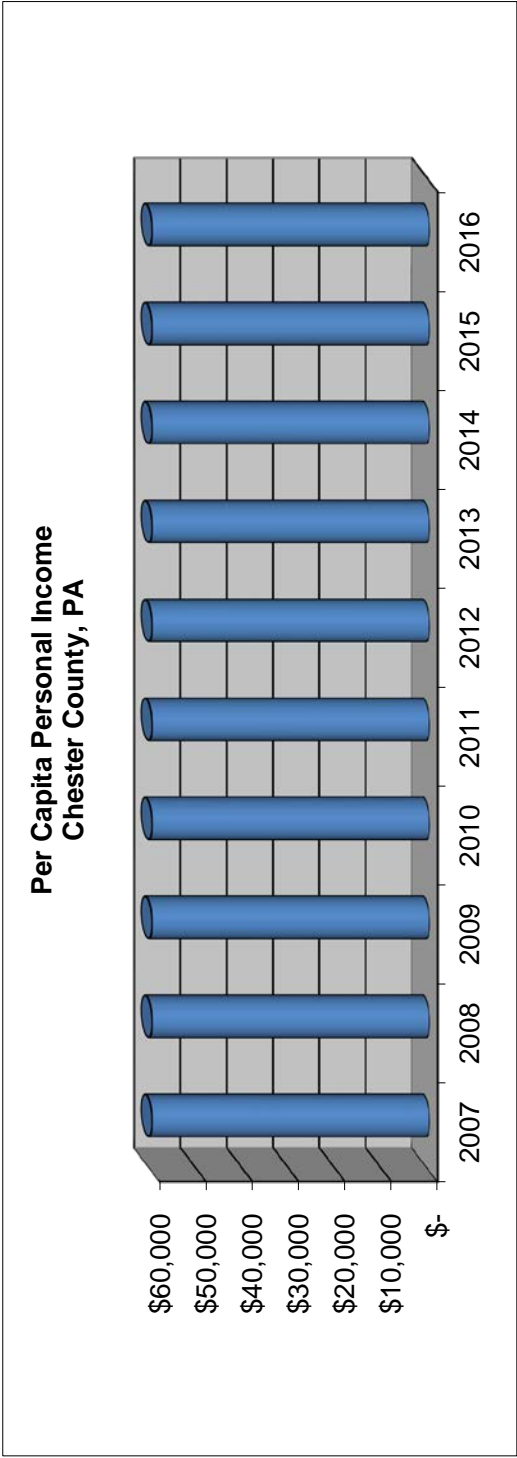
Note: Total personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. Township data is estimated.

2016 Data not available at time of report generation.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (2003-2014)

**West Goshen Township
Per Capita Personal Income
Last Ten Fiscal Years**

Per capita personal income - Chester County, PA



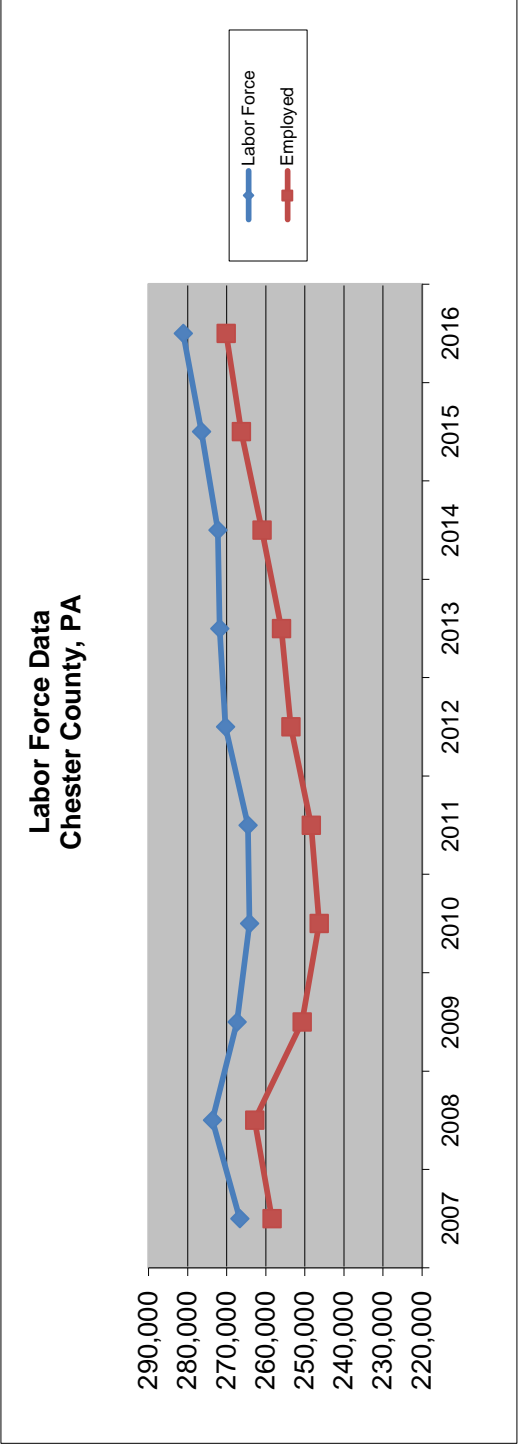
	Fiscal Year									
Per Capita Personal Income	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chester County, PA	\$ 61,224	\$ 63,916	\$ 64,344	\$ 61,732	\$ 61,669	\$ 64,435	\$ 67,860	\$ 68,043	\$ 71,725	\$ 73,803
Over-the-year change	19.2%	4.4%	0.7%	-4.1%	-0.1%	4.5%	5.3%	0.3%	5.4%	2.9%

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 (2003-2014)

West Goshen Township
Labor Force Data
Last Ten Fiscal Years

Labor Force Data - Chester County, PA



Chester County, PA	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Labor Force	266,686	273,667	267,405	264,170	264,539	270,301	271,793	272,270	276,442	281,139
Employed	258,447	262,888	250,710	246,343	248,392	253,616	256,009	261,025	266,244	270,147
Unemployment Rate	3.1%	3.9%	6.2%	6.7%	6.1%	6.2%	5.8%	4.1%	3.7%	3.7%
Pennsylvania Rate	4.3%	5.3%	8.0%	8.7%	7.9%	7.9%	7.4%	5.8%	5.1%	5.4%
U.S. Rate	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%

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

Source: Bureau of Labor Statistics

West Goshen Township

Miscellaneous Statistics

December 31, 2016

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 (Glen Acres) 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

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 14, 2017

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 ("the Township"), West Chester, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Township'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.

Board of Supervisors
West Goshen Township

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP