



**WEST GOSHEN TOWNSHIP
WEST CHESTER, PENNSYLVANIA
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

WEST GOSHEN TOWNSHIP

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

June 20, 2019

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, 2018, 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.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2018, 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.

Emphasis of a Matter

As discussed in Notes 1 and 17 to the financial statements, West Goshen Township has adopted the requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement modifies the accounting for the Township's other postemployment benefits. As a result, the beginning governmental activities, business-type activities, and sewer fund net position have been restated. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Township's December 31, 2017 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 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 23 and the required supplementary information presented on pages 80 through 87 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

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West Goshen Township

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 20, 2019, 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 West Goshen Township ("the Township"), Pennsylvania, provides an overview of the Township's financial performance for the year ended December 31, 2018. Please read it in conjunction with the Township's financial statements, which begin on page 24.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$74,563,948 (*net position*). Of this amount, \$21,898,795 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 \$1,196,506.
- As of December 31, 2018, the Township's governmental activities recognized a net pension liability of \$2,611,942, pension related deferred outflows of resources of \$3,408,579, and a pension related deferred inflow of resources of \$2,226,877. As of December 31, 2018, the Township's business-type activities recognized a net pension liability of \$645,388, deferred outflows of resources of \$749,986, and a deferred inflow of resources of \$315,069.
- During the year ended December 31, 2018, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The purpose of this statement is to improve transparency, consistency, and comparability of postemployment benefits other than pensions reported by state and local governments. The Township is now required to report its net other postemployment benefits ("OPEB") liability for its Police, Administrative and Road, and Sewer plans. The implementation of this standard resulted in the restatement of 2017 figures, which decreased unrestricted net position at December 31, 2017 by \$1,190,120. The net OPEB liability reported in the financial statements at December 31, 2018 is \$6,195,444.
- As of December 31, 2018, the Township's governmental funds reported combined ending fund balances of \$17,418,230, an increase of \$1,343,473 in comparison with the prior year. Approximately 72 percent of this total, or \$12,565,607, is available for spending at the Township's discretion (*unassigned fund balance*).
- The Township's total debt decreased by \$483,889.

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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital reserve fund, which are considered to be major funds. Data from the other 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 26-31 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.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

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

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 38-79 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 OPEB benefits to its employees. Required supplementary information can be found on pages 80-87 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 postemployment benefits. Combining and individual fund statements and budgetary comparison schedules can be found on pages 88-93 of this report.

IMPLEMENTATION OF GASB STATEMENTS NO. 68 AND 71

The Township adheres to 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." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments.

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.

IMPLEMENTATION OF GASB STATEMENT NO. 75

During the year ended December 31, 2018, the Township implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The purpose of this statement is to improve transparency, consistency, and comparability of postemployment benefits other than pensions reported by state and local governments. The Township is now required to report its net OPEB liability for its Police, Administrative and Road, and Sewer plans. The implementation of this standard resulted in the restatement of 2017 figures, which decreased unrestricted net position at December 31, 2017 by \$1,190,120.

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

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 \$74,563,948 at the close of 2018. This is an increase of \$1,196,506 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.

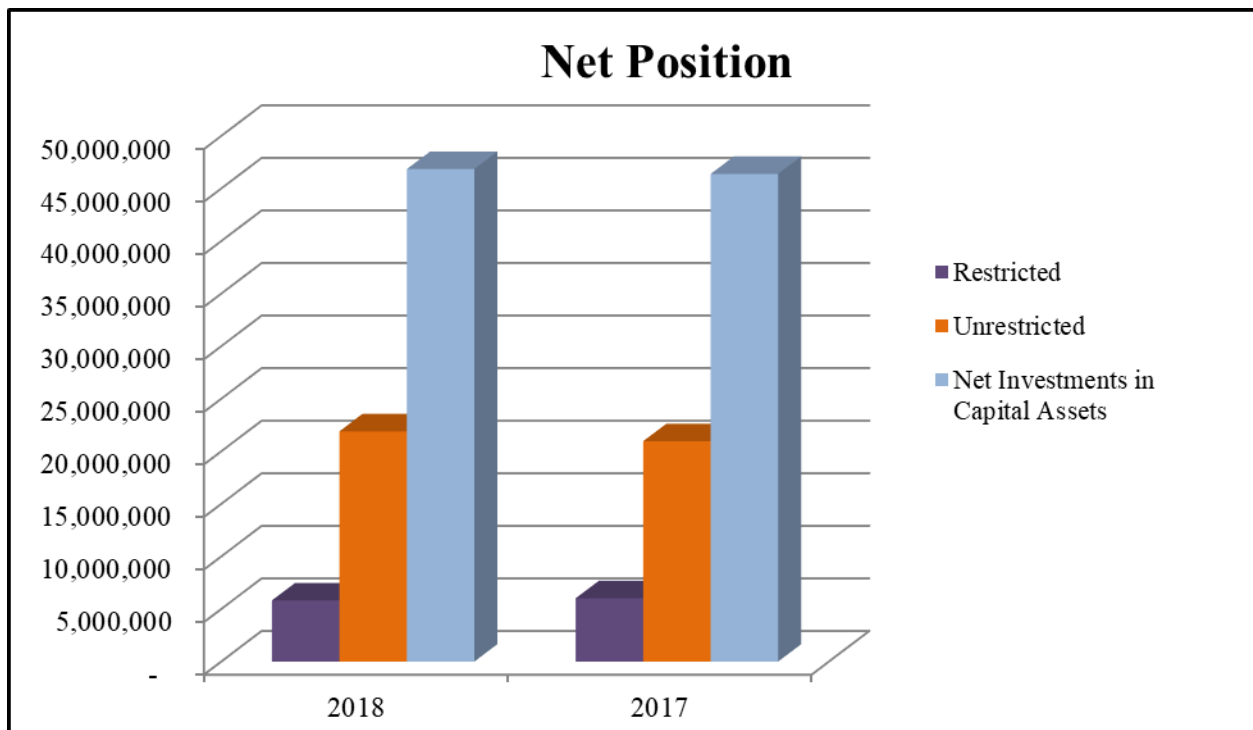
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 20,137,074	\$ 19,544,078	\$ 25,323,432	\$ 30,684,050	\$ 45,460,506	\$ 50,228,128
Capital assets	34,362,928	34,935,369	27,194,411	21,450,885	61,557,339	56,386,254
Deferred OPEB	400,742	193,862	34,142	1,709	434,884	195,571
Deferred pension	3,408,579	1,423,318	749,986	370,001	4,158,565	1,793,319
Total Assets and Deferred Outflows of Resources	<u>\$ 58,309,323</u>	<u>\$ 56,096,627</u>	<u>\$ 53,301,971</u>	<u>\$ 52,506,645</u>	<u>\$ 111,611,294</u>	<u>\$ 108,603,272</u>
Long-term liabilities outstanding	13,477,723	11,239,907	18,873,441	18,814,951	32,351,164	30,054,858
Other liabilities	687,405	602,188	1,466,831	1,380,742	2,154,236	1,982,930
Deferred pension	2,226,877	2,801,348	315,069	396,694	2,541,946	3,198,042
Total Liabilities and Deferred Inflows of Resources	<u>16,392,005</u>	<u>14,643,443</u>	<u>20,655,341</u>	<u>20,592,387</u>	<u>37,047,346</u>	<u>35,235,830</u>
Net Position:						
Net investment in capital assets	\$ 29,353,928	\$ 29,500,369	\$ 17,497,746	\$ 16,890,827	\$ 46,851,674	\$ 46,391,196
Restricted for:						
Capital Reserve	4,315,074	4,512,139	-	-	4,315,074	4,512,139
Streets	23,946	40,341	-	-	23,946	40,341
Sewer	-	-	1,474,459	1,467,065	1,474,459	1,467,065
Unrestricted	8,224,370	7,400,335	13,674,425	13,556,366	21,898,795	20,956,701
Total Net Position	<u>41,917,318</u>	<u>41,453,184</u>	<u>32,646,630</u>	<u>31,914,258</u>	<u>74,563,948</u>	<u>73,367,442</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 58,309,323</u>	<u>\$ 56,096,627</u>	<u>\$ 53,301,971</u>	<u>\$ 52,506,645</u>	<u>\$ 111,611,294</u>	<u>\$ 108,603,272</u>

One portion of the Township's net position, \$46,851,674 (or 62.8 percent) reflects its investment in capital assets (land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding excluding unspent debt proceeds. The majority of the outstanding debt of the Township was incurred for the construction of the significant upgrade to the Sewer Wastewater Treatment Plant and the construction of a 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.

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

Another portion of the Township's net position, \$5,813,479 (or 7.8 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 \$6,019,545. This decrease is primarily due to the Capital Reserve Fund for capital improvement projects.

The remaining balance of unrestricted net position, \$21,898,795 (or 29.4 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 \$20,956,701.



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 from the Township's governmental activities was \$464,134 as compared to the previous year increase of \$1,103,303. Table 2 shows the changes in net position for the year ended December 31, 2018.

The cost of all governmental activities this year was \$17,615,665. As shown in the statement of activities on page 25, the amount that our taxpayers ultimately financed for these activities through

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

Township taxes was \$14,606,978. Other costs were paid by those who directly benefited from the programs (\$1,393,003) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$1,615,684).

**Table 2
STATEMENT OF CHANGES IN NET POSITION
For the Years Ending December 31, 2018 and 2017**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program revenues:						
Charges for services	\$ 1,393,003	\$ 2,016,045	\$ 6,876,894	\$ 6,914,340	\$ 8,269,897	\$ 8,930,385
Operating grants and contributions	1,400,591	1,366,723	299,503	150,367	1,700,094	1,517,090
Capital grants and contributions	215,093	-	1,463,432	2,031,352	1,678,525	2,031,352
General revenues:						
Earned income taxes	8,386,598	7,820,461	-	-	8,386,598	7,820,461
Local services taxes	1,085,346	1,113,231	-	-	1,085,346	1,113,231
Real estate taxes	3,672,897	3,629,892	-	-	3,672,897	3,629,892
Real estate transfer taxes	1,064,295	1,267,050	-	-	1,064,295	1,267,050
Franchise taxes	496,521	526,122	-	-	496,521	526,122
Grants and contributions not restricted to specific programs	17,243	16,852	-	-	17,243	16,852
Other	348,212	272,540	330,804	119,187	679,016	391,727
TOTAL REVENUES	18,079,799	18,028,916	8,970,633	9,215,246	27,050,432	27,244,162
EXPENSES:						
General government	3,057,287	2,686,827	-	-	3,057,287	2,686,827
Public safety	7,892,154	7,399,464	-	-	7,892,154	7,399,464
Highways/streets	4,466,317	4,686,632	-	-	4,466,317	4,686,632
Other public works	188,487	128,098	-	-	188,487	128,098
Library	20,000	20,000	-	-	20,000	20,000
Culture and recreation	1,850,830	1,852,157	-	-	1,850,830	1,852,157
Interest expense	140,590	152,435	-	-	140,590	152,435
Sewer operations	-	-	5,945,368	5,637,510	5,945,368	5,637,510
Waste and recycling	-	-	2,292,893	2,196,416	2,292,893	2,196,416
TOTAL EXPENSES	17,615,665	16,925,613	8,238,261	7,833,926	25,853,926	24,759,539
INCREASE IN NET POSITION	464,134	1,103,303	732,372	1,381,320	1,196,506	2,484,623
NET POSITION, BEGINNING OF YEAR (RESTATED)	41,453,184	40,349,881	31,914,258	30,532,938	73,367,442	70,882,819
NET POSITION, END OF YEAR	\$ 41,917,318	\$ 41,453,184	\$ 32,646,630	\$ 31,914,258	\$ 74,563,948	\$ 73,367,442

As indicated by governmental program expenses, public safety programs account for approximately 44.8 percent of the total expenditures of the Township's governmental activities. General government and highways/streets services account for approximately 17.4 percent and 25.4 percent, respectively, of the total expenditures for 2018.

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 4.56 percent. This is the result of a contractual 3 percent increase, overtime, and longevity formula adjustment.

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

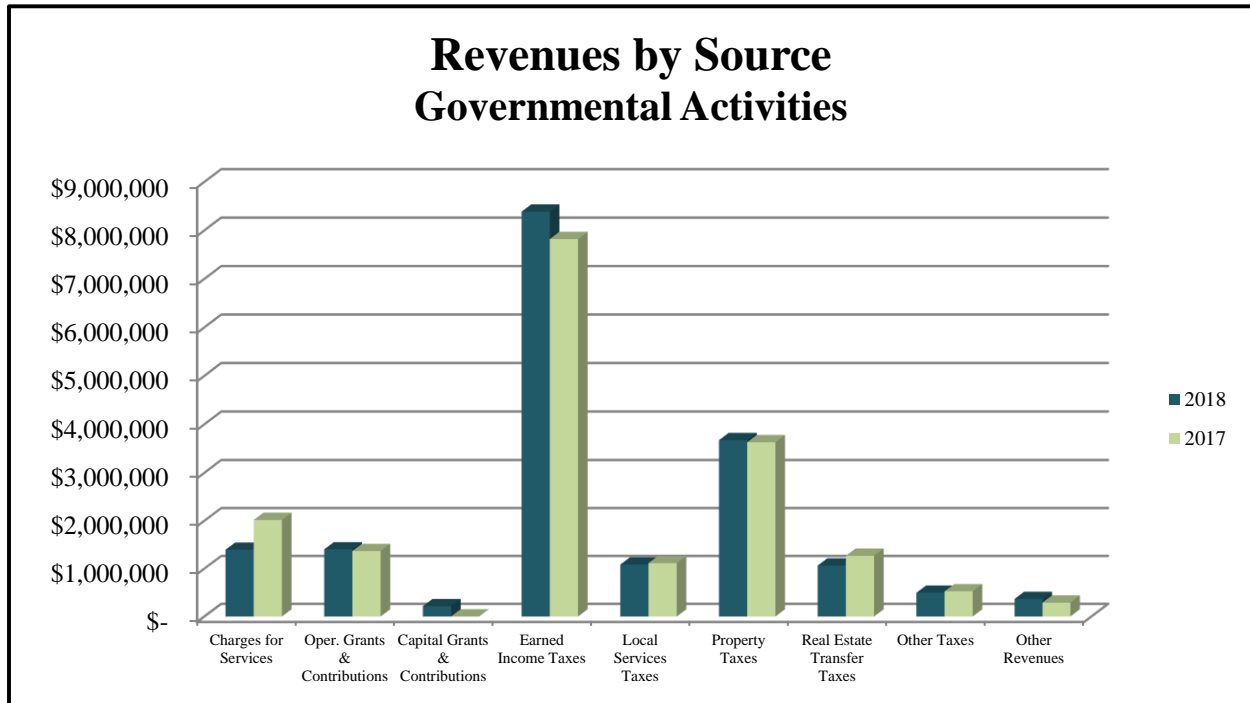
- Wages for non-uniformed Administrative and Sewer employees increased approximately 4.3 percent and 3.46 percent, respectively, based on the Board of Supervisors approved compensation program.
- Employee benefit costs decreased by approximately 3.0 percent. Restructuring of the health plan to a high deductible plan provided positive insurance premium relief.
- Adherence to GASB 75 resulted in the recognition of an expense for other postemployment benefits in the amount of \$463,360.

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 46 percent of total revenues (43 percent in the prior year). Property taxes and real estate transfer taxes provide approximately 20 percent and 6 percent of total revenues, respectively (20 percent and 7 percent in the prior year). The Local Services Tax accounted for approximately 6 percent of total revenues (6 percent in the prior year). The Township relies on these taxes to furnish the quality of life to citizens and businesses to which the Board of Supervisors has always been committed.

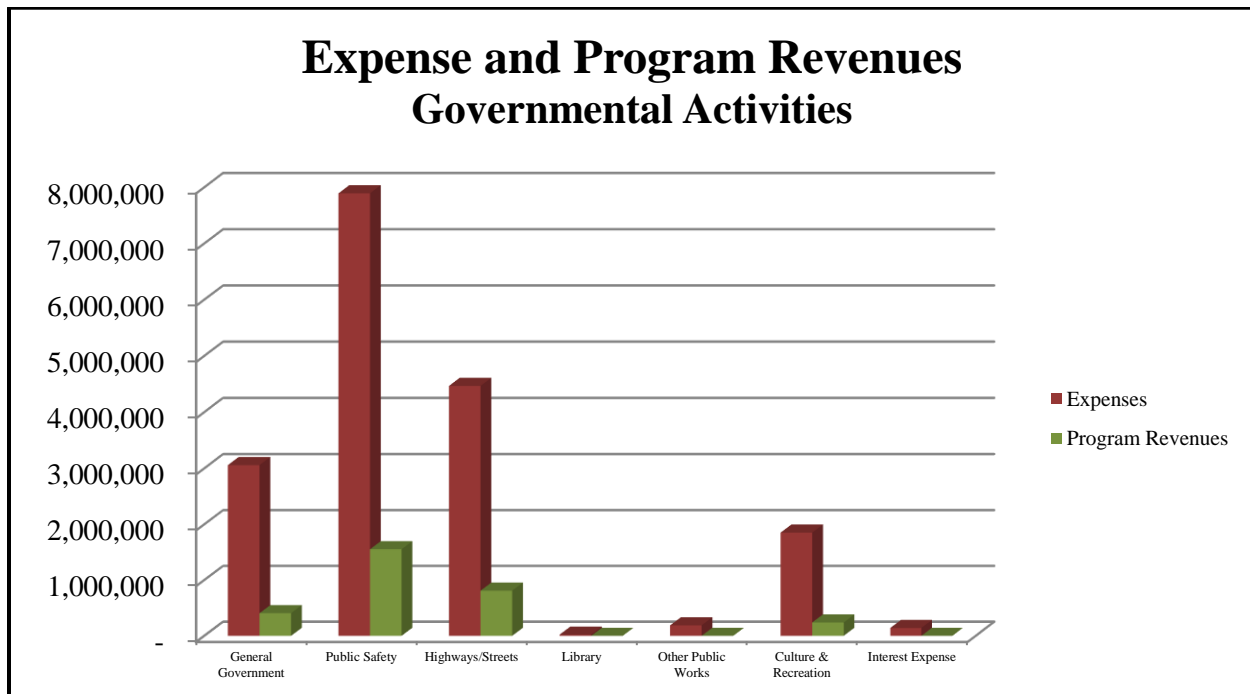
Major revenue factors included:

- Earned income tax revenue increased by \$566,137, or 7.2 percent, in 2018. This increase was primarily due to a shift in the Resident versus Non-Resident revenue.
- Charges for services decreased by \$623,042 from the prior year. Building and plumbing permits decreased from the prior year by approximately \$804,808. Vehicle Code Violations decreased from the prior year by approximately \$28,003. Special Police Services decreased from the prior year by \$67,061. Zoning Escrows increased from the prior year by \$390,629. Open Space contributions from building contractors of \$70,000 were received in 2018 as compared to \$187,500 for 2017.
- Operating grants and contributions increased by \$33,868.
- Real estate transfer taxes decreased by \$202,755, or 16.0 percent, over the prior year due mainly to an increase in large commercial properties being sold in 2017.
- Other income increased by \$75,672 mainly due to an increase in interest earnings.
- Capital grants and contributions increased from the prior year by approximately \$215,093. This increase is mainly attributed to non-cash donations towards the Lambert Park clock (\$9,691) and roadways (\$205,402) as compared to no capital grants or contributions for 2017.

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



Program revenues support 17 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 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 \$5,945,368 for 2018 as compared to \$5,637,510 for the prior year. The Township also paid "Rent to Sewer Authority" of \$639,098 for 2018 (as compared to \$224,955 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 the 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 2018 were \$1,310,256 as compared to \$1,438,679 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 2018 amounted to \$1,463,432. In 2017, the Sewer Authority completed a \$17,055,000 Revenue Bond for significant upgrades to the Sewer Wastewater Treatment Plant: replacement of aged and deteriorated infrastructure, improve operations and personnel safety, and to prepare for future treatment requirements. 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 the 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. As a result of the reassessment, a second Interim Settlement Agreement was reached in October 2018. This process should be complete by December 2022.

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 2018 was \$50,000 as compared to \$47,225 for the prior year.

Business-type activities increased the Township's net position by \$732,372, as compared to the previous year increase of \$1,381,320.

Major revenue factors include:

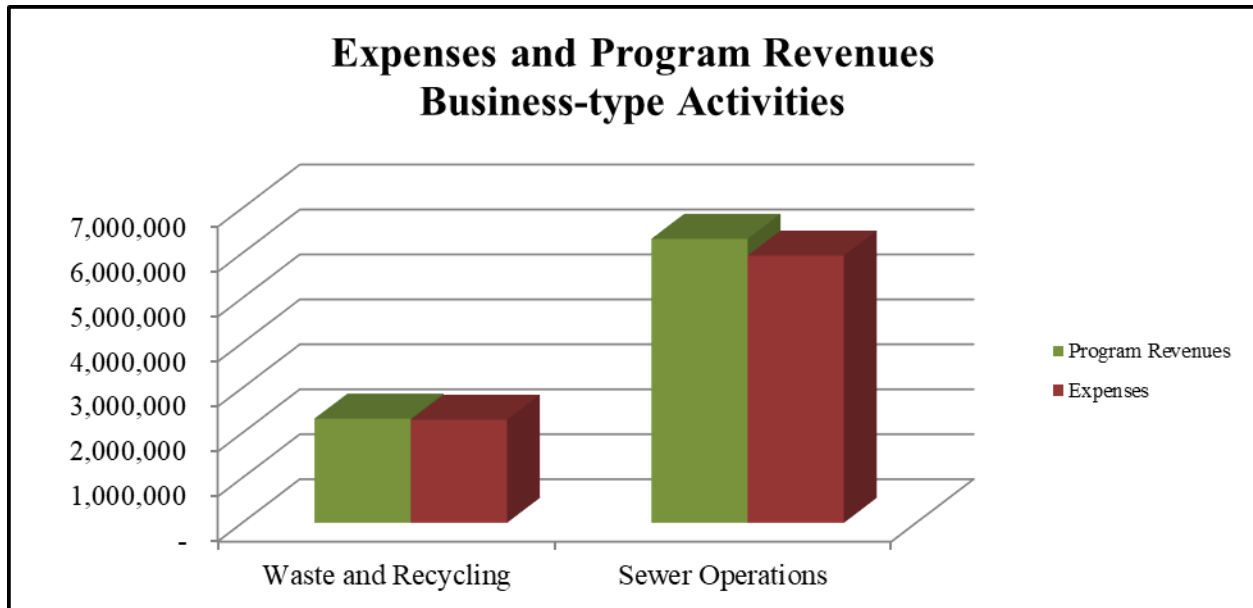
- Sewer and Sewer Authority operation revenues decreased by \$37,096 in large part due to a decrease in fee revenue.

Major expense factors include:

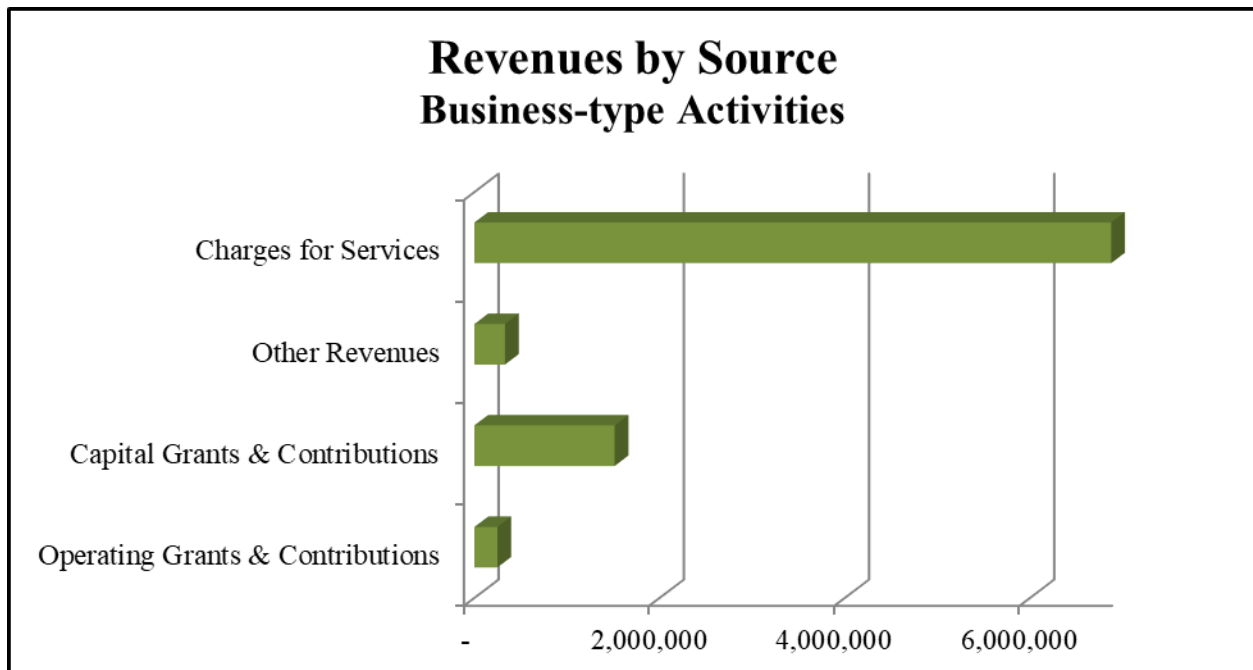
- Employee wages increased approximately 3.46 percent based on the Board of Supervisors approved compensation program.
- Employee benefits costs decreased by approximately 3.0 percent. Restructuring of the health plan to a high deductible plan provided positive insurance premium relief.

**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.



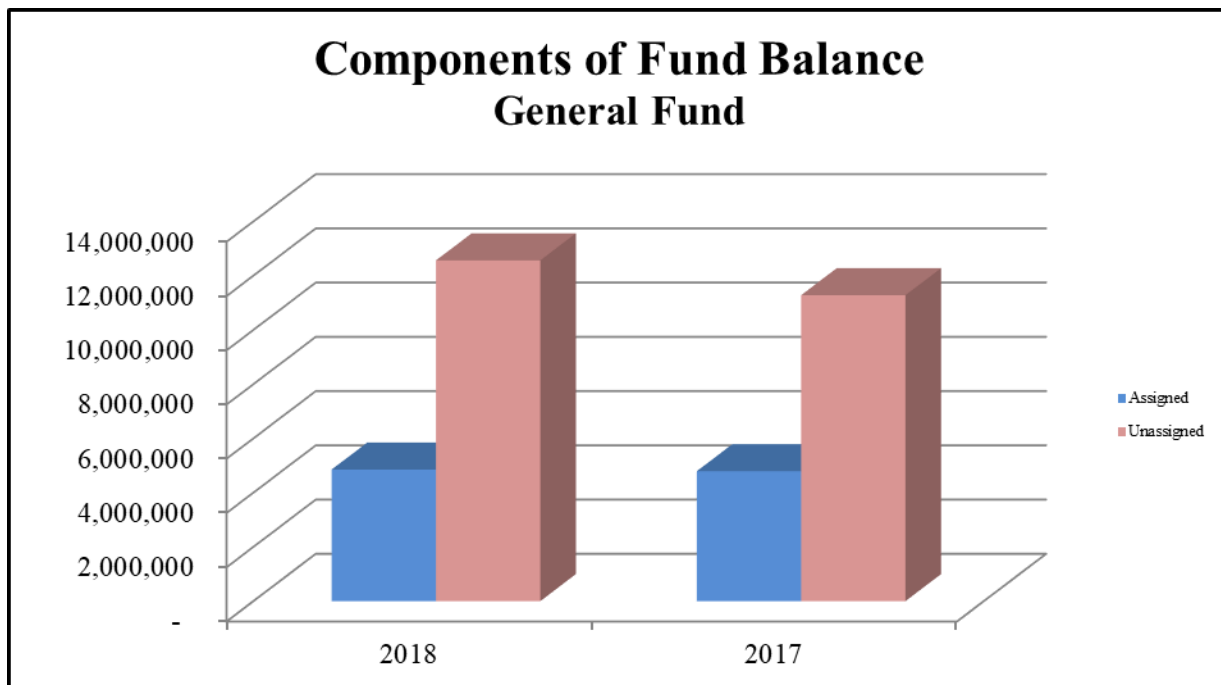
**WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

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, 2018, the Township's governmental funds reported combined fund balances of \$17,418,230, an increase of \$1,343,473 in comparison with the prior year. Approximately 72 percent, or \$12,565,607, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. Another portion of the fund balance, \$4,339,020, represents resources that are *restricted* for specific purposes: 1) debt service; 2) capital improvements; 3) additional security for bonds; or 4) highway and street activities. The remaining balance, \$513,603, represents resources that are *assigned* for specific purposes: 1) open space projects; 2) zoning hearing activities; or 3) capital projects.



The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the general fund balance increased to \$12,565,607, all *unassigned* fund balance. As a measure of the

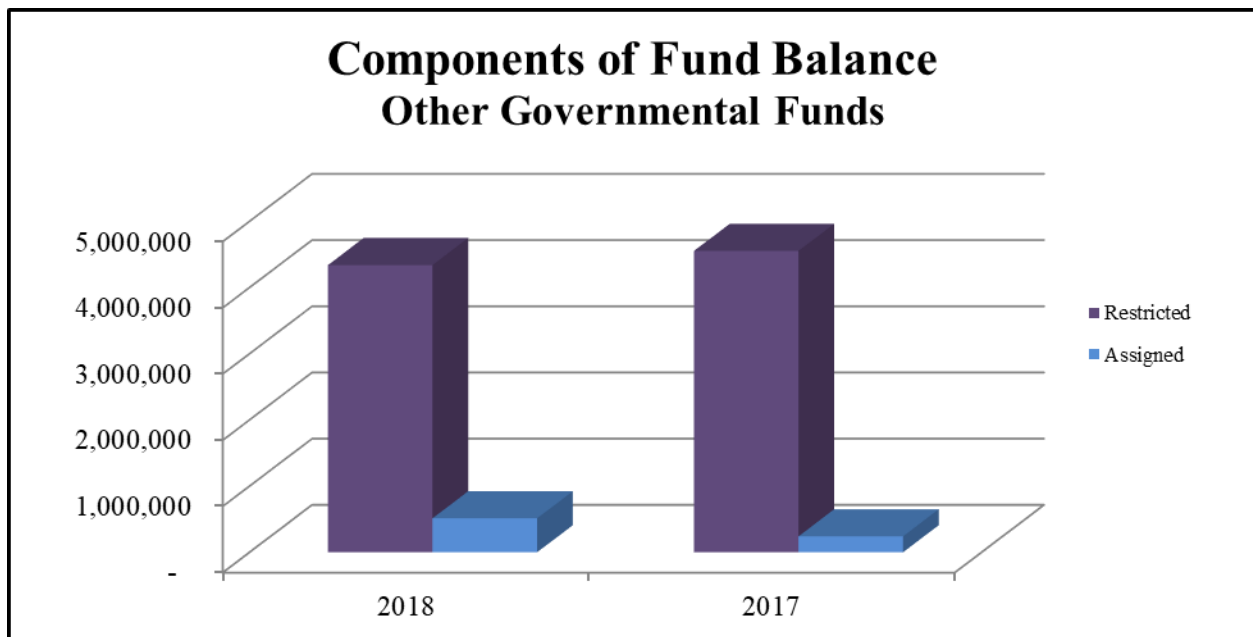
**WEST GOSHEN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

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 85.8 percent of total general fund expenditures.

The General Fund realized a surplus of \$1,284,445 at the close of 2018.

The Township historically generated revenues in excess of budgeted figures and contained expenditures below budgeted amounts year after year. Key factors contributing to this surplus are as follows:

- Overall revenues and other financing sources were more than anticipated by \$419,928. The following revenues all came in over budget: Property Transfer Taxes, \$153,295; Earned Income Taxes, \$223,737; Interest Earnings and Rents, \$75,731; and Miscellaneous Revenue, \$68,675. The following revenues all came in under budget: Interim Real Estate Taxes, \$9,020; Cable TV Franchise, \$51,220; and Vehicle Code Violations, \$43,037.
- Actual expenses were less than anticipated by \$685,271. The following expenditures all came in under budget: Employee Insurance, \$234,465; Workers' Compensation, \$23,231; Conferences and Training, \$42,719; Road Construction Materials, \$181,854; Storm Water Materials, \$47,807; Road Maintenance Materials, \$70,570; Vehicles Maintenance and Repairs, \$19,991; Professional Services, \$45,648; Minor Capital Equipment Purchases, \$33,395 and Major Capital Equipment Purchases, \$281,154. The following expenditures all came in over budget: EIT Commissions, \$7,083; Legal Services, \$115,013; Snow materials, \$110,009; Traffic Signal Maintenance, \$23,636; Communications, \$5,695; Unemployment Compensation, \$8,395; Utilities, \$13,170; and Postage, \$5,370.



**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 and other financing sources for the Capital Reserve Fund are proceeds from bonds or municipal borrowings, transfers from the General Fund, and Offsite Development Fund (Restricted Parks account). The General Fund transfers monies to the Capital Reserve Fund to pay for capital expenditures associated with the general operation of the Township, and also for General Obligation debt service payments. The Offsite Development Fund (Restricted Parks account) transfers monies to the Capital Reserve Fund to pay for expenses that are associated with the Township's parks.

Capital expenditures financed out of this fund in 2018 totaled \$934,780 in the following categories: General Government (\$37,116 – professional services); Public Works (\$278 – signal design engineering fees; and \$205,561 – materials); Culture and Recreation (\$125,235 – major capital equipment); and Debt Service (\$566,590 – principal and interest).

The total fund balance as of December 31, 2018 is \$4,315,074, all of which is *restricted* as previously explained.

The **Capital Projects Fund**, a 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, 2018 is \$56,082, 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, 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 \$726,375 (compared to \$694,075 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 \$70,000 (compared to \$187,500 in the prior year) from building contractors for open space projects.
- *Zoning Hearing Board Fund* – The Township received \$100,000 from the Developer for the Woodlands at Greystone subdivision development to pay for infrastructure engineering inspections.

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

- *Zoning Hearing Board Fund* – The Township received \$293,629 from the Developer for the Woodlands at Greystone subdivision development as financial security for the completion of improvements to the development.

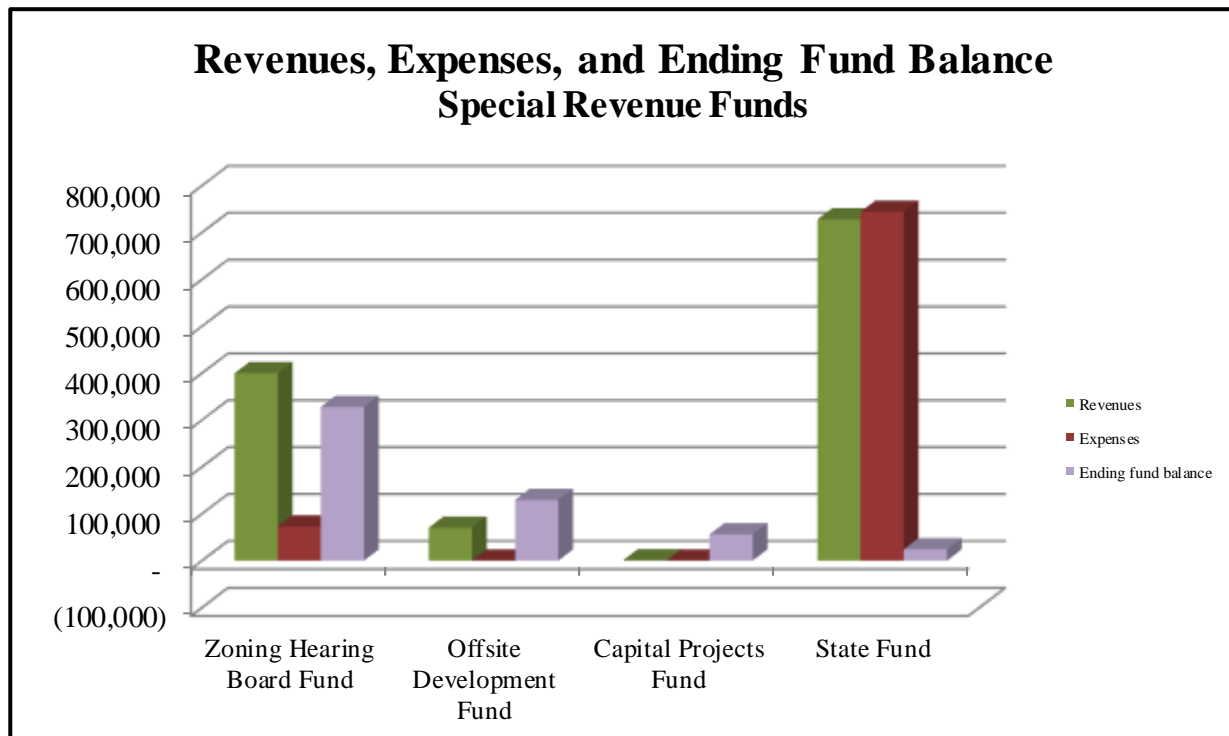
The total fund balance of the Special Revenue Funds as of December 31, 2018 is \$481,467 as compared to \$225,932 in the prior year. Of the current year fund balance of \$481,467, \$23,946 (State Funds) is *restricted*, and the balance of \$457,521 (all other Special Revenue Funds) is *assigned* as previously explained.

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

Unrestricted net position of the Sewer, Waste and Recycling, Sewer Authority, and Sewer Reserve Funds at the end of the year amounted to \$13,674,425 as compared to \$13,556,366 in the prior year. The total increase in net position was \$732,372. 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.



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

For 2018, 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 an increase in fund balance of \$179,246.

Actual revenues and other financing sources exceeded budgeted amounts by \$419,928. Actual expenditures and other financing uses were under budgeted expenditures by \$685,271. Below are the significant budget variances:

- Earned income taxes came in over budget (\$223,737);
- Interest earnings and rents came in over budget (\$75,731);
- Transfer taxes came in over budget (\$153,295);
- Miscellaneous revenues came in over budget (\$68,675);
- Cable TV franchise fees came in under budget (\$51,220);
- Vehicle code violations came in under budget (\$43,037);
- Interim real estate taxes came in under budget (\$9,020);
- Workers' Compensation came in under budget (\$23,231);
- Conferences and training came in under budget (\$42,719);
- Road maintenance materials came in under budget (\$70,570);
- Road construction materials came in under budget (\$181,854).
- Vehicle repairs and maintenance came in under budget (\$19,991);
- Storm water materials came in under budget (\$47,807);
- Employee insurance came in under budget (\$234,465);
- Professional services came in under budget (\$45,648);
- Minor capital expenses came in under budget (\$33,395);
- Major capital expenses across all departments came in under budget (\$281,154);
- EIT commissions came in over budget (\$7,083);
- Postage came in over budget (\$5,370);
- Traffic signal maintenance came in over budget (\$23,636);
- Utilities came in over budget (\$13,170);
- Legal expenses came in over budget (\$115,013);
- Unemployment compensation came in over budget (\$8,395);
- Communications came in over budget (\$5,695); and
- Snow materials came in over budget (\$110,009).

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, 2018 amounted to \$61,557,339, net of accumulated depreciation. This investment in capital assets included 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 \$5,171,085, net of accumulated depreciation, or a 9.2 percent increase.

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

**Table 3
CAPITAL ASSETS
December 31, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Buildings and improvements	\$ 12,203,032	\$ 12,184,448	\$ 12,464,636	\$ 12,450,426	\$ 24,667,668	\$ 24,634,874
Machinery and equipment	6,666,514	6,588,987	11,076,149	10,312,165	17,742,663	16,901,152
Vehicles	3,513,692	3,326,679	936,081	936,081	4,449,773	4,262,760
Land	3,128,045	3,128,045	82,083	82,083	3,210,128	3,210,128
Land improvements	2,239,711	2,154,780	606,360	606,360	2,846,071	2,761,140
Infrastructure	50,155,132	49,742,865	16,883,150	16,883,150	67,038,282	66,626,015
Construction-in-progress	394,489	343,588	9,499,258	3,601,291	9,893,747	3,944,879
Total capital assets	78,300,615	77,469,392	51,547,717	44,871,556	129,848,332	122,340,948
Less accumulated depreciation	(43,937,687)	(42,534,023)	(24,353,306)	(23,420,671)	(68,290,993)	(65,954,694)
Capital assets, net of depreciation	<u>\$ 34,362,928</u>	<u>\$ 34,935,369</u>	<u>\$ 27,194,411</u>	<u>\$ 21,450,885</u>	<u>\$ 61,557,339</u>	<u>\$ 56,386,254</u>

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

- \$206,865 – completion/installation of the Hamlet Hill/Mayfair Circle project;
- \$10,000 – completion/installation of the Lambert Park clock;
- \$9,691 – donation towards the Lambert Park clock;
- \$108,707 – purchase of three vehicles for the Police Department;
- \$12,935 – purchase of a 911 recorder for the Police Department;
- \$20,303 – purchase of License Plate Recognition System for the Police Department;
- \$17,900 – purchase of a Vehicle evidence security gate for the Police Department;
- \$18,584 – purchase/installation of a snow retention system for the Roads Building;
- \$23,600 – purchase/installation of a Fire Control Panel in the Police Building;
- \$28,260 – purchase of a Caterpillar Asphalt Roller for the Roads Department;
- \$28,233 – purchase of one Pool Car for the Administration Department;
- \$374,713 – purchase of two trucks for the Roads Department;
- \$12,412 – purchase of one Riding Mower for the Parks Department;
- \$39,702 – purchase of one Chipper for the Parks Department;
- \$6,325 – purchase of one trailer for the Parks Department;
- \$14,042 – purchase of one Gator for the Parks Department;
- \$19,675 – purchase of one In-field Groomer for the Parks Department;
- \$10,870 – Gazebo's for Hamlet Crest Park and South Concord Park;
- \$36,470 – Climbing Rock for South Concord Park;
- \$205,402 – donations of two roadways – Trot Lane and Gallop Lane;
- \$57,997 – construction-in-progress of a Generator for the Township Complex;
- \$4,208 – construction-in-progress for Security Cameras;
- \$182,511 – construction-in-progress of the Grubbs Mill culvert project; and
- \$23,050 – construction-in-progress of the Basin Road Stormwater Basin Retrofit.

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

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

- \$7,577 – completion of phone system for the Sewer Plant;
- \$7,090 – purchase of a Hydraulic Dump Trailer;
- \$13,488 – purchase of a Gator for the Sewer Plant;
- \$755,295 – completion/installation of bypass connections;
- \$67,051 – construction-in-progress of the sludge facility;
- \$56,149– construction-in-progress of pump station number 10;
- \$30,363– construction-in-progress of pump station number 11;
- \$62,667– construction-in-progress of pump station number 2;
- \$59,738– construction-in-progress of pump station number 13;
- \$3,175,201 – construction-in-progress of the digesters;
- \$1,276,145 – construction-in-progress of the headworks for the Sewer Plant;
- \$471,244– construction-in-progress for chemical system upgrades;
- \$993,263 – construction-in-progress of the 2017 sanitary sewer system;
- \$77,497 – construction-in-progress of the 2018 sanitary sewer system; and
- \$148,704 – construction-in-progress of the Comag system.

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

Long-term Debt

At December 31, 2018, the Township had \$23,010,994 in bonds and notes outstanding versus \$23,494,883 last year – a decrease of 2.0 percent – as shown in Table 4 below.

<p style="text-align: center;">Table 4 OUTSTANDING DEBT For the Year Ended December 31, 2018</p>						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation notes	\$ 5,009,000	\$ 5,435,000	\$ -	\$ -	\$ 5,009,000	\$ 5,435,000
Sewer Revenue notes	-	-	18,001,994	18,059,883	18,001,994	18,059,883
Total Outstanding Debt	<u>\$ 5,009,000</u>	<u>\$ 5,435,000</u>	<u>\$ 18,001,994</u>	<u>\$ 18,059,883</u>	<u>\$ 23,010,994</u>	<u>\$ 23,494,883</u>

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. In 2017, the Sewer Authority completed a \$17,055,000 Revenue Bond for the significant upgrades to the Sewer Wastewater Treatment Plant. Other obligations of the Township include compensated absences of \$1,074,500, net pension liability of \$3,257,330, and net OPEB liability of \$6,195,444.

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

The Township was assigned a "AA+" rating from S & P Global Ratings 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 the Township is \$67,328,510, 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 51-52 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 2019 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 remain low with long-term interest rate increases expected.
- 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 4.4 percent to approximately 3.9 percent, while the unemployment rate in Chester County is at a more modest 2.7 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 continues to provide insurance premium relief for the Township.
- The Township adopted a 2019 budget that projects a \$48,595 surplus.
- Township Real Estate Taxes were not increased for 2019.
- The Sewer Authority issued a \$17,055,000 bond to pay for infrastructure improvements, resulting in a sewer rate increase in order to pay for the new bond's debt service, effective in 2019.

**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 the Township can be found on its website, <http://www.westgoshen.org>.

WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2018
(With Summarized Comparative Data for December 31, 2017)

	Governmental Activities	Business-type Activities	Totals	
			2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	\$ 16,201,071	\$ 5,969,296	\$ 22,170,367	\$ 22,836,248
Cash and cash equivalents, restricted	-	4,407,653	4,407,653	9,895,412
Investments	1,193,918	5,350,768	6,544,686	2,988,359
Investments, restricted	-	3,005,624	3,005,624	1,956,695
Accrued interest	-	33,573	33,573	13,793
Accounts receivable	133,038	3,645,712	3,778,750	4,352,655
Taxes receivable	2,609,047	-	2,609,047	2,705,900
Total Current Assets	<u>20,137,074</u>	<u>22,412,626</u>	<u>42,549,700</u>	<u>44,749,062</u>
Noncurrent Assets:				
Investments	-	488,780	488,780	1,443,913
Investments, restricted	-	2,422,026	2,422,026	3,168,085
Depreciable capital assets, net	30,840,394	17,613,070	48,453,464	49,231,247
Land	3,128,045	82,083	3,210,128	3,210,128
Construction-in-progress	394,489	9,499,258	9,893,747	3,944,879
Net pension asset	-	-	-	867,068
Total Noncurrent Assets	<u>34,362,928</u>	<u>30,105,217</u>	<u>64,468,145</u>	<u>61,865,320</u>
TOTAL ASSETS	<u>54,500,002</u>	<u>52,517,843</u>	<u>107,017,845</u>	<u>106,614,382</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB	400,742	34,142	434,884	195,571
Deferred pension	3,408,579	749,986	4,158,565	1,793,319
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,809,321</u>	<u>784,128</u>	<u>4,593,449</u>	<u>1,988,890</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$58,309,323</u></u>	<u><u>\$53,301,971</u></u>	<u><u>\$ 111,611,294</u></u>	<u><u>\$ 108,603,272</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 183,507	\$ 728,110	\$ 911,617	\$ 1,376,408
Developers' deposits	-	55,515	55,515	53,302
Compensated absences payable within one year	64,898	10,317	75,215	69,331
Long-term debt, due within one year	439,000	672,889	1,111,889	483,889
Total Current Liabilities	<u>687,405</u>	<u>1,466,831</u>	<u>2,154,236</u>	<u>1,982,930</u>
Noncurrent Liabilities:				
Compensated absences, net of current portion	862,219	137,066	999,285	921,115
Long-term debt, net of current portion	4,570,000	17,329,105	21,899,105	23,010,994
Net OPEB liability	5,433,562	761,882	6,195,444	5,492,771
Net pension liability	2,611,942	645,388	3,257,330	629,978
Total Noncurrent Liabilities	<u>13,477,723</u>	<u>18,873,441</u>	<u>32,351,164</u>	<u>30,054,858</u>
TOTAL LIABILITIES	<u>14,165,128</u>	<u>20,340,272</u>	<u>34,505,400</u>	<u>32,037,788</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	2,226,877	315,069	2,541,946	3,198,042
NET POSITION				
Net investment in capital assets	29,353,928	17,497,746	46,851,674	46,391,196
Restricted for:				
Capital reserve	4,315,074	-	4,315,074	4,512,139
Streets	23,946	-	23,946	40,341
Sewer	-	1,474,459	1,474,459	1,467,065
Unrestricted	8,224,370	13,674,425	21,898,795	20,956,701
TOTAL NET POSITION	<u>41,917,318</u>	<u>32,646,630</u>	<u>74,563,948</u>	<u>73,367,442</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$58,309,323</u></u>	<u><u>\$53,301,971</u></u>	<u><u>\$ 111,611,294</u></u>	<u><u>\$ 108,603,272</u></u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
GOVERNMENTAL ACTIVITIES	\$ 3,057,287	\$ 70,947	\$ 120,559	\$ 215,093	\$ (2,650,688)	\$ -	\$ (2,499,677)
	7,892,154	1,158,454	394,642	-	(6,339,058)	-	(5,333,172)
	4,466,317	-	810,067	-	(3,656,250)	-	(3,908,989)
	188,487	-	-	-	(188,487)	-	(128,098)
	20,000	-	-	-	(20,000)	-	(20,000)
Library	1,850,830	163,602	75,323	-	(1,611,905)	-	(1,500,474)
Culture and recreation	140,590	-	-	-	(140,590)	-	(152,435)
Interest expense	17,615,665	1,393,003	1,400,591	215,093	(14,606,978)	-	(13,542,845)
TOTAL GOVERNMENTAL ACTIVITIES							
BUSINESS-TYPE ACTIVITIES	5,945,368	4,704,551	151,923	1,463,432	-	374,538	1,238,095
	2,292,893	2,172,343	147,580	-	-	27,030	24,038
	8,238,261	6,876,894	299,503	1,463,432	-	401,568	1,262,133
	\$ 25,853,926	\$ 8,269,897	\$ 1,700,094	\$ 1,678,525	(14,606,978)	401,568	(12,280,712)
TOTAL PRIMARY GOVERNMENT							
GENERAL REVENUES							
Taxes:							
Real estate taxes					3,672,897	-	3,672,897
Real estate transfer taxes					1,064,295	-	1,064,295
Earned income taxes					8,386,598	-	8,386,598
Local services taxes					1,085,346	-	1,085,346
Franchise taxes					496,521	-	496,521
Investment earnings					180,312	327,551	507,863
Grants and contributions not restricted to specific programs					17,243	-	17,243
Gain on sale of capital assets					76,473	3,253	79,726
Miscellaneous					91,427	-	91,427
TOTAL GENERAL REVENUES					15,071,112	330,804	15,401,916
CHANGE IN NET POSITION					464,134	732,372	1,196,506
NET POSITION, BEGINNING OF YEAR (RESTATED)					41,453,184	31,914,258	70,882,819
NET POSITION, END OF YEAR					\$ 41,917,318	\$ 32,646,630	\$ 73,367,442

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

WEST GOSHEN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018
(With Summarized Comparative Data for December 31, 2017)

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2018	2017
ASSETS					
Cash and cash equivalents	\$ 12,035,932	\$ 3,627,590	\$ 537,549	\$ 16,201,071	\$ 14,643,354
Investments	435,431	758,487	-	1,193,918	1,187,930
Accounts receivable	133,038	-	-	133,038	139,826
Taxes receivable	2,609,047	-	-	2,609,047	2,705,900
TOTAL ASSETS	\$ 15,213,448	\$ 4,386,077	\$ 537,549	\$ 20,137,074	\$ 18,677,010
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 84,560	\$ 71,003	\$ -	\$ 155,563	\$ 115,235
Payroll withholdings	27,944	-	-	27,944	815
TOTAL LIABILITIES	112,504	71,003	-	183,507	116,050
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - taxes	2,535,337	-	-	2,535,337	2,486,203
TOTAL DEFERRED INFLOWS OF RESOURCES	2,535,337	-	-	2,535,337	2,486,203
FUND BALANCES:					
Restricted	-	4,315,074	23,946	4,339,020	4,552,480
Assigned	-	-	513,603	513,603	241,115
Unassigned	12,565,607	-	-	12,565,607	11,281,162
TOTAL FUND BALANCES	12,565,607	4,315,074	537,549	17,418,230	16,074,757
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 15,213,448	\$ 4,386,077	\$ 537,549	\$ 20,137,074	\$ 18,677,010

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, 2018**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 17,418,230
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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	\$ 30,840,394	
Land	3,128,045	
Construction-in-progress	<u>394,489</u>	34,362,928

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.		2,535,337
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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	(927,117)	
Net OPEB liability	(5,433,562)	
Net pension liability	(2,611,942)	
Note payable	<u>(5,009,000)</u>	(13,981,621)

Deferred outflows and inflows of resources related to the Township's net pension and OPEB liabilities 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 OPEB	400,742	
Deferred outflows of resources - deferred pension	3,408,579	
Deferred inflows of resources - deferred pension	<u>(2,226,877)</u>	<u>1,582,444</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 41,917,318</u></u>
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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, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2018	2017
REVENUES					
Taxes	\$ 14,160,002	\$ -	\$ -	\$ 14,160,002	\$ 13,858,233
Licenses and permits	505,686	-	-	505,686	532,224
Fines, forfeits, and costs	123,668	-	-	123,668	164,235
Interest and rents	173,247	45,890	2,229	221,366	127,912
Intergovernmental revenues	691,459	-	726,375	1,417,834	1,383,575
Charges for services/fees	749,487	-	106,000	855,487	1,616,467
Contributions	-	-	70,000	70,000	187,500
Miscellaneous revenue/other	88,455	-	293,629	382,084	84,079
TOTAL REVENUES	<u>16,492,004</u>	<u>45,890</u>	<u>1,198,233</u>	<u>17,736,127</u>	<u>17,954,225</u>
EXPENDITURES					
Current:					
General government	2,721,947	37,116	-	2,759,063	2,540,134
Public safety	7,436,719	-	-	7,436,719	7,342,668
Public works - highways and streets	2,692,035	205,839	744,164	3,642,038	3,881,656
Other public works	188,487	-	-	188,487	160,502
Culture and recreation	1,583,288	125,235	-	1,708,523	1,867,439
Library	20,000	-	-	20,000	20,000
Miscellaneous	-	-	72,741	72,741	10,750
Debt service:					
Principal	-	426,000	-	426,000	414,000
Interest	-	140,590	-	140,590	152,435
TOTAL EXPENDITURES	<u>14,642,476</u>	<u>934,780</u>	<u>816,905</u>	<u>16,394,161</u>	<u>16,389,584</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,849,528</u>	<u>(888,890)</u>	<u>381,328</u>	<u>1,341,966</u>	<u>1,564,641</u>
OTHER FINANCING SOURCES (USES)					
Sale of/compensation for sale of capital assets	1,507	-	-	1,507	10,375
Transfers in	-	691,825	-	691,825	784,229
Transfers out	(566,590)	-	(125,235)	(691,825)	(784,229)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(565,083)</u>	<u>691,825</u>	<u>(125,235)</u>	<u>1,507</u>	<u>10,375</u>
NET CHANGE IN FUND BALANCES	<u>1,284,445</u>	<u>(197,065)</u>	<u>256,093</u>	<u>1,343,473</u>	<u>1,575,016</u>
FUND BALANCES, BEGINNING OF YEAR	<u>11,281,162</u>	<u>4,512,139</u>	<u>281,456</u>	<u>16,074,757</u>	<u>14,499,741</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,565,607</u>	<u>\$ 4,315,074</u>	<u>\$ 537,549</u>	<u>\$ 17,418,230</u>	<u>\$ 16,074,757</u>

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

WEST GOSHEN TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,343,473
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 (\$1,769,577) exceeded capital outlays (\$1,040,497) in the period.	(729,080)
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.	49,134
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.	(58,454)
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.	215,093
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.	426,000
In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(68,004)
Pension and OPEB expense in the statement of activities differs from the amount reported in the governmental funds because pension and OPEB expense is recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension and OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	(714,028)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 464,134</u>

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, 2018**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Real estate - current	\$ 3,600,000	\$ 3,625,293	\$ 25,293
Real estate - delinquent and interest	38,000	43,421	5,421
Real estate - interims	20,000	10,980	(9,020)
Real estate - transfer	911,000	1,064,295	153,295
Earned income tax	8,106,930	8,330,667	223,737
Local services tax	1,113,141	1,085,346	(27,795)
Licenses and permits	553,991	505,686	(48,305)
Fines, forfeits, and costs	175,000	123,668	(51,332)
Interest and rents	97,516	173,247	75,731
Intergovernmental revenues	689,500	691,459	1,959
Charges for services/fees	744,725	749,487	4,762
Miscellaneous revenue/other	19,780	88,455	68,675
TOTAL REVENUES	16,069,583	16,492,004	422,421
EXPENDITURES			
Current:			
General government			
Administration	1,899,590	1,595,358	304,232
Auditing	36,755	34,143	2,612
Tax collection	166,986	172,846	(5,860)
Engineering and legal	420,415	527,471	(107,056)
Building maintenance	411,649	392,129	19,520
Total General Government	<u>2,935,395</u>	<u>2,721,947</u>	<u>213,448</u>
Public safety			
Police	6,361,983	6,338,305	23,678
Fire protection	798,363	774,412	23,951
Code enforcement	303,458	295,116	8,342
Planning and zoning	29,780	28,886	894
Total Public Safety	<u>7,493,584</u>	<u>7,436,719</u>	<u>56,865</u>
Public works - highways and streets			
Administration	1,323,464	1,182,039	141,425
Winter maintenance	210,000	322,784	(112,784)
Road maintenance	997,788	946,803	50,985
Road construction	347,565	168,329	179,236
Storm water management	127,000	72,080	54,920
Total Public Works - Highways and Streets	<u>3,005,817</u>	<u>2,692,035</u>	<u>313,782</u>

Continued on next page.

WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES (cont'd)			
Other public works			
Traffic signal maintenance	181,972	156,018	25,954
Street lighting	35,000	32,469	2,531
Total Other Public Works	<u>216,972</u>	<u>188,487</u>	<u>28,485</u>
Library	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Culture and recreation			
Recreation	357,014	340,200	16,814
Parks	1,298,965	1,243,088	55,877
Total Culture and Recreation	<u>1,655,979</u>	<u>1,583,288</u>	<u>72,691</u>
TOTAL EXPENDITURES	<u>15,327,747</u>	<u>14,642,476</u>	<u>685,271</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>741,836</u>	<u>1,849,528</u>	<u>1,107,692</u>
OTHER FINANCING SOURCES (USES)			
Sale of/compensation for capital assets	4,000	1,507	(2,493)
Transfers out	(566,590)	(566,590)	-
TOTAL OTHER FINANCING USES	<u>(562,590)</u>	<u>(565,083)</u>	<u>(2,493)</u>
NET CHANGE IN FUND BALANCE	179,246	1,284,445	1,105,199
FUND BALANCE, BEGINNING OF YEAR	<u>10,513,323</u>	<u>11,281,162</u>	<u>767,839</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,692,569</u>	<u>\$ 12,565,607</u>	<u>\$ 1,873,038</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2018
(With Summarized Comparative Data for December 31, 2017)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash and cash equivalents	\$ 3,701,838	\$ 1,668,039	\$ 599,419	\$ -	\$ 5,969,296	\$ 8,192,894
Cash and cash equivalents, restricted	-	-	4,407,653	-	4,407,653	9,895,412
Investments	331,178	2,762	5,016,828	-	5,350,768	1,800,429
Investments, restricted	-	-	1,531,165	1,474,459	3,005,624	1,956,695
Accrued interest	-	-	33,573	-	33,573	13,793
Accounts receivable	1,113,377	816,004	1,716,331	-	3,645,712	4,212,829
Total Current Assets	5,146,393	2,486,805	13,304,969	1,474,459	22,412,626	26,072,052
Noncurrent Assets:						
Land	-	-	82,083	-	82,083	82,083
Construction-in-progress	-	-	9,499,258	-	9,499,258	3,601,291
Depreciable capital assets, net	557,490	-	17,055,580	-	17,613,070	17,767,511
Investments	-	-	488,780	-	488,780	1,443,913
Investments, restricted	-	-	2,422,026	-	2,422,026	3,168,085
Total Noncurrent Assets	557,490	-	29,547,727	-	30,105,217	26,062,883
TOTAL ASSETS	5,703,883	2,486,805	42,852,696	1,474,459	52,517,843	52,134,935
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow - OPEB	34,142	-	-	-	34,142	1,709
Deferred outflows - pension	749,986	-	-	-	749,986	370,001
TOTAL DEFERRED OUTFLOWS OF RESOURCES	784,128	-	-	-	784,128	371,710
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,488,011	\$ 2,486,805	\$ 42,852,696	\$ 1,474,459	\$ 53,301,971	\$ 52,506,645
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities:						
Accounts payable	\$ 69,636	\$ 164,369	\$ 481,255	\$ -	\$ 715,260	\$ 1,260,358
Developers' deposits	-	-	55,515	-	55,515	53,302
Interest payable	-	600	12,850	-	12,850	-
Compensated absences	9,717	-	-	-	10,317	9,193
Long-term debt, due within one year	-	-	672,889	-	672,889	57,889
Total Current Liabilities	79,353	164,969	1,222,509	-	1,466,831	1,380,742
Noncurrent Liabilities:						
Compensated absences, net of current portion	129,097	7,969	-	-	137,066	122,140
Net OPEB liability	761,882	-	-	-	761,882	634,868
Long-term debt, net of current portion	-	-	17,329,105	-	17,329,105	18,001,994
Net pension liability	645,388	-	-	-	645,388	55,949
Total Noncurrent Liabilities	1,536,367	7,969	17,329,105	-	18,873,441	18,814,951
TOTAL LIABILITIES	1,615,720	172,938	18,551,614	-	20,340,272	20,195,693
DEFERRED INFLOWS OF RESOURCES						
Deferred pension	315,069	-	-	-	315,069	396,694
NET POSITION						
Net investment in capital assets	557,490	-	16,940,256	-	17,497,746	16,890,827
Restricted	-	-	-	1,474,459	1,474,459	1,467,065
Unrestricted	3,999,732	2,313,867	7,360,826	-	13,674,425	13,556,366
TOTAL NET POSITION	4,557,222	2,313,867	24,301,082	1,474,459	32,646,630	31,914,258
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 6,488,011	\$ 2,486,805	\$ 42,852,696	\$ 1,474,459	\$ 53,301,971	\$ 52,506,645

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, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Major Enterprise Funds					Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	Totals		
					2018	2017	
OPERATING REVENUES							
Fees	\$ 4,356,512	\$ 2,162,939	\$ 277,632	\$ -	\$ 6,797,083	\$ 6,829,873	
Other	124,483	9,404	46,641	-	180,528	184,834	
TOTAL OPERATING REVENUES	<u>4,480,995</u>	<u>2,172,343</u>	<u>324,273</u>	<u>-</u>	<u>6,977,611</u>	<u>7,014,707</u>	
OPERATING EXPENSES							
Contracted services	-	2,133,085	-	-	2,133,085	2,047,210	
Sewer collection	136,925	-	-	-	136,925	115,342	
Sewer disposal	717,266	-	-	-	717,266	622,474	
Salaries and wages	1,410,443	74,960	-	-	1,485,403	1,433,306	
Engineering fees	-	-	68,520	-	68,520	63,062	
Administration	112,958	47,357	214,574	-	374,889	416,437	
Debt issuance	-	-	-	-	-	192,946	
Employee benefits	1,133,183	35,152	-	-	1,168,335	1,069,087	
Fuel and light	432,223	-	-	-	432,223	361,416	
Repairs and maintenance	178,885	2,339	-	-	181,224	243,877	
Depreciation	117,550	-	832,604	-	950,154	894,490	
TOTAL OPERATING EXPENSES	<u>4,239,433</u>	<u>2,292,893</u>	<u>1,115,698</u>	<u>-</u>	<u>7,648,024</u>	<u>7,459,647</u>	
OPERATING INCOME (LOSS)	<u>241,562</u>	<u>(120,550)</u>	<u>(791,425)</u>	<u>-</u>	<u>(670,413)</u>	<u>(444,940)</u>	
NONOPERATING REVENUES (EXPENSES)							
Interest and investment revenue	43,729	18,423	258,005	7,394	327,551	126,706	
Interest expense	-	-	(581,208)	-	(581,208)	(173,040)	
Gain (loss) on disposal of capital assets	3,253	-	-	-	3,253	(201,239)	
Unrealized loss on investments	-	-	(9,029)	-	(9,029)	(7,519)	
Grant revenue	-	147,580	51,206	-	198,786	50,000	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>46,982</u>	<u>166,003</u>	<u>(281,026)</u>	<u>7,394</u>	<u>(60,647)</u>	<u>(205,092)</u>	
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>288,544</u>	<u>45,453</u>	<u>(1,072,451)</u>	<u>7,394</u>	<u>(731,060)</u>	<u>(650,032)</u>	
Transfers in	-	-	683,534	-	683,534	273,335	
Transfers out	(683,534)	-	-	-	(683,534)	(273,335)	
Capital contributions	-	-	1,463,432	-	1,463,432	2,031,352	
CHANGE IN NET POSITION	<u>(394,990)</u>	<u>45,453</u>	<u>1,074,515</u>	<u>7,394</u>	<u>732,372</u>	<u>1,381,320</u>	
NET POSITION, BEGINNING OF YEAR (RESTATED)	<u>4,952,212</u>	<u>2,268,414</u>	<u>23,226,567</u>	<u>1,467,065</u>	<u>31,914,258</u>	<u>30,532,938</u>	
NET POSITION, END OF YEAR	<u>\$ 4,557,222</u>	<u>\$ 2,313,867</u>	<u>\$ 24,301,082</u>	<u>\$ 1,474,459</u>	<u>\$ 32,646,630</u>	<u>\$ 31,914,258</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, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Major Enterprise Funds					Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2018	2017	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Received from customers	\$ 4,603,144	\$ 2,107,599	\$ 2,297,417	\$ -	\$ 9,008,160	\$ 7,189,430	
Paid to suppliers for goods and services	(2,396,187)	(2,159,080)	(1,337,630)	-	(5,892,897)	(5,527,800)	
Paid to employees for services	(1,469,693)	(109,315)	-	-	(1,579,008)	(1,478,494)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>737,264</u>	<u>(160,796)</u>	<u>959,787</u>	<u>-</u>	<u>1,536,255</u>	<u>183,136</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Grants received from state	-	147,580	-	-	147,580	50,000	
Transfer from other funds	-	-	683,534	-	683,534	273,335	
Transfer to other funds	(683,534)	-	-	-	(683,534)	(273,335)	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(683,534)</u>	<u>147,580</u>	<u>683,534</u>	<u>-</u>	<u>147,580</u>	<u>50,000</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Interest paid	-	-	(621,247)	-	(621,247)	(225,929)	
Proceeds from long-term debt	-	-	-	-	-	18,112,772	
Long-term debt payments	-	-	(5,000)	-	(5,000)	(918,000)	
Proceeds from capital grant	-	-	51,206	-	51,206	-	
Cash paid for acquisition and construction of capital assets	(19,960)	-	(6,200,856)	-	(6,220,816)	(2,976,035)	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(19,960)</u>	<u>-</u>	<u>(6,775,897)</u>	<u>-</u>	<u>(6,795,857)</u>	<u>13,992,808</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest and investment earnings	43,729	18,423	238,226	7,394	307,772	127,986	
Sales of investments, net of reinvestment	(1,662)	(8)	(2,898,043)	(7,394)	(2,907,107)	(2,147,449)	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>42,067</u>	<u>18,415</u>	<u>(2,659,817)</u>	<u>-</u>	<u>(2,599,335)</u>	<u>(2,019,463)</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
	75,837	5,199	(7,792,393)	-	(7,711,357)	12,206,481	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR							
	3,626,001	1,662,840	12,799,465	-	18,088,306	5,881,825	
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,701,838	\$ 1,668,039	\$ 5,007,072	\$ -	\$10,376,949	\$18,088,306	

Continued on next page.

WEST GOSHEN TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Major Enterprise Funds				Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority	Nonmajor Fund	2018	2017
Operating income (loss)	\$ 241,562	\$ (120,550)	\$ (791,425)	\$ -	\$ (670,413)	\$ (444,940)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	117,550	-	832,604	-	950,154	894,490
Changes in assets, deferred outflows/inflows of resources, and liabilities:						
Accounts receivable	122,149	(64,744)	1,973,144	-	2,030,549	174,723
Deferred outflows of resources	(412,418)	-	-	-	(412,418)	(108,319)
Developers' deposits	-	-	2,213	-	2,213	18,735
Accounts payable	18,340	23,701	(1,056,749)	-	(1,014,708)	(591,583)
Compensated absences	15,253	797	-	-	16,050	13,136
Net OPEB liability	127,014	-	-	-	127,014	90,086
Net pension liability	589,439	-	-	-	589,439	(257,401)
Deferred inflows of resources	(81,625)	-	-	-	(81,625)	394,209
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 737,264	\$ (160,796)	\$ 959,787	\$ -	\$ 1,536,255	\$ 183,136
SUPPLEMENTAL INFORMATION:						
Cash and cash equivalents	\$ 3,701,838	\$ 1,668,039	\$ 599,419	\$ -	\$ 5,969,296	\$ 8,192,894
Cash and cash equivalents, restricted	-	-	4,407,653	-	4,407,653	9,895,412
	\$ 3,701,838	\$ 1,668,039	\$ 5,007,072	\$ -	\$10,376,949	\$18,088,306
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital assets acquired through the incurrence of accounts payable	\$ -	\$ -	\$ 469,611	\$ -	\$ 469,611	\$ 1,031,171
Capital assets acquired through trade in	\$ 5,200	\$ -	\$ -	\$ -	\$ 5,200	\$ -
Unrealized loss on investments	-	-	(9,029)	-	(9,029)	(7,519)
Capital contributions from participating townships	-	-	1,463,432	-	1,463,432	2,031,352
Amortization of bond premium	-	-	52,889	-	52,889	52,889

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

**WEST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2018**

	Pension and Other Employee Benefit Funds
ASSETS	
Cash and cash equivalents	\$ 3,860,295
Insurance contracts, at contract value	1,132,981
Investments, at fair value: mutual funds	<u>27,390,186</u>
TOTAL ASSETS	<u>\$ 32,383,462</u>
LIABILITIES AND NET POSITION	
LIABILITIES	\$ -
NET POSITION	
Restricted for pension benefits	29,328,772
Restricted for other post-employment benefits	<u>3,054,690</u>
TOTAL NET POSITION	<u>32,383,462</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 32,383,462</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, 2018

CONTRIBUTIONS AND INVESTMENT LOSS

Contributions:

State aid	\$ 594,917
Employer contributions	461,695
Employee contributions	167,224
Total Contributions	<u>1,223,836</u>

Investment Loss:

Net decrease in fair value of investments	(2,394,837)
Realized loss on investments	(111,487)
Interest and dividends	1,141,372
Total Investment Loss	<u>(1,364,952)</u>

TOTAL CONTRIBUTIONS AND INVESTMENT LOSS	<u>(141,116)</u>
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DEDUCTIONS

Benefits paid	958,299
Administrative expenses	<u>86,151</u>

TOTAL DEDUCTIONS	<u>1,044,450</u>
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CHANGE IN NET POSITION	(1,185,566)
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NET POSITION, BEGINNING OF YEAR	<u>33,569,028</u>
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NET POSITION, END OF YEAR	<u><u>\$ 32,383,462</u></u>
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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, the 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 June 4, 2019, 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, and developer costs, 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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

nonmajor governmental funds. They include the state fund, offsite development fund, zoning hearing board fund, and the capital projects fund.

Revenue Recognition

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

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

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township's only proprietary funds are enterprise funds.

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

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, an operating reserve account established pursuant to the lease agreement between the Township and the Sewer Authority, and unspent bond proceeds from the Guaranteed Sewer Revenue Bonds, Series of 2017.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Investments

Investments are recorded at fair value.

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

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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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

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

Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years
Land improvements	10 - 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

The Township currently has three items that qualify for reporting in this category. Certain changes to the net pension and OPEB liabilities 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.

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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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.

If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as unspent proceeds.

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, 2017, from which the summarized information was derived.

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.

Implementation of GASB Statement

During the year ended December 31, 2018, the Township implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, with the objective of improving the accounting and financial reporting of state and local governments for other postemployment benefits. It requires that state and local governments recognize and record the actuarially determined net other postemployment benefits liability.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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, 2018, the carrying amount of the Township's deposits was \$29,632,710 (excludes the pension funds which are disclosed at Notes 8, 9, and 10), and the bank balance was \$29,587,990. Of the bank balance, \$990,721 was covered by federal depository insurance, and \$22,678,650 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, 2018, \$1,142,754 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, 2018), and is subject to an independent annual audit.

As of December 31, 2018, \$4,775,865 of the Township's deposits was invested in money market funds managed by Goldman Sachs. Goldman Sachs is registered with the Securities and Exchange Commission and subject to regulatory oversight. The objective of the fund is to maintain a stable net asset value of \$1 per share. In addition, the fund is rated by nationally recognized rating organizations (Moody's Investors Service rating of Aaa-mf and Standard & Poor's rating of AAAM as of December 31, 2018) 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

As of December 31, 2018, 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
Negotiable certificates of deposit	\$ 9,458,799	\$ 9,458,799	\$ 6,547,993	\$ 2,910,806	\$ -
Money market funds	3,002,317	3,002,317	3,002,317	-	-
TOTAL	<u>\$ 12,461,116</u>	<u>\$ 12,461,116</u>	<u>\$ 9,550,310</u>	<u>\$ 2,910,806</u>	<u>\$ -</u>

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, 2018, 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, 2018, all of the Township's investments had maturity dates of less than five years.

NOTE 3 INTERFUND ACTIVITY

Interfund transfers for the year ended December 31, 2018 consisted of the following:

<u>Transfers Out:</u>		<u>Transfers In:</u>	
General Fund	\$ 566,590	Capital Reserve Fund	\$ 691,825
Nonmajor Governmental Funds	125,235	Sewer Authority	683,534
Sewer Fund	<u>683,534</u>		
Total	<u>\$ 1,375,359</u>	Total	<u>\$ 1,375,359</u>

General and nonmajor governmental funds 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 funds for administrative costs in the amount of \$44,436 and the annual rent of \$639,098.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
General capital assets not being depreciated:				
Land	\$ 3,128,045	\$ -	\$ -	\$ 3,128,045
Construction-in-progress	343,588	267,766	(216,865)	394,489
Total general capital assets not being depreciated	3,471,633	267,766	(216,865)	3,522,534
General capital assets being depreciated:				
Buildings and improvements	12,184,448	18,584	-	12,203,032
Vehicles	3,326,678	511,653	(324,639)	3,513,692
Infrastructure	49,742,865	412,267	-	50,155,132
Land improvements	2,154,780	84,931	-	2,239,711
Machinery and equipment	6,588,988	177,254	(99,728)	6,666,514
Total general capital assets being depreciated	73,997,759	1,204,689	(424,367)	74,778,081
Accumulated depreciation:				
Buildings and improvements	2,895,691	246,379	-	3,142,070
Vehicles	1,823,371	300,524	(292,175)	1,831,720
Infrastructure	33,674,880	831,658	-	34,506,538
Land improvements	1,140,600	54,653	-	1,195,253
Machinery and equipment	2,999,481	336,363	(73,738)	3,262,106
Total accumulated depreciation	42,534,023	1,769,577	(365,913)	43,937,687
Total general capital assets being depreciated, net	31,463,736	(564,888)	(58,454)	30,840,394
Governmental Activities, Net	\$34,935,369	\$ (297,122)	\$ (275,319)	\$34,362,928
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 82,083	\$ -	\$ -	\$ 82,083
Construction-in-progress	3,601,291	6,660,839	(762,872)	9,499,258
Total capital assets not being depreciated, net	3,683,374	6,660,839	(762,872)	9,581,341

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

(cont'd)	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Collection system - infrastructure	16,883,150	-	-	16,883,150
Land improvements	606,360	-	-	606,360
Buildings and improvements	12,450,426	14,210	-	12,464,636
Vehicles	936,081	-	-	936,081
Equipment	10,312,165	783,450	(19,466)	11,076,149
Total capital assets being depreciated	<u>41,188,182</u>	<u>797,660</u>	<u>(19,466)</u>	<u>41,966,376</u>
Accumulated depreciation:				
Collection system - infrastructure	9,379,489	261,898	-	9,641,387
Land improvements	273,198	11,064	-	284,262
Buildings and improvements	7,659,937	260,182	-	7,920,119
Vehicles	494,950	90,929	-	585,879
Equipment	5,613,097	326,081	(17,519)	5,921,659
Total accumulated depreciation	<u>23,420,671</u>	<u>950,154</u>	<u>(17,519)</u>	<u>24,353,306</u>
Total capital assets being depreciated, net	<u>17,767,511</u>	<u>(152,494)</u>	<u>(1,947)</u>	<u>17,613,070</u>
Business-type Activities, Net	<u>\$21,450,885</u>	<u>\$ 6,508,345</u>	<u>\$(764,819)</u>	<u>\$27,194,411</u>

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

Governmental Activities:

General government	\$ 121,390
Public safety	142,650
Public works	1,281,622
Culture and recreation	<u>223,915</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,769,577</u>

Business-type Activities:

Sewer operations	<u>\$ 950,154</u>
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WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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.

\$ 5,009,000

Business-type Activities:

Fulton Bank – Guaranteed Sewer Revenue Bonds, Series of 2017 issued to refund the Guaranteed Note, Series 2008, the payment of the costs to construct improvements to the public sanitary sewer system of the Authority leased to the Township, and the payment of all costs and expenses related to the issuance of the bonds. The bonds mature through May 2037 with interest payable semi annually at rates ranging from .90% to 3.25%.

17,050,000

Grand Total

\$ 22,059,000

The sewage collection system and treatment plant is leased to and operated by West Goshen Township, who has guaranteed payment of the Guaranteed Sewer Revenue Bonds, Series of 2017 through a guaranty agreement dated June 27, 2017. All sewer revenues of the Township are pledged for the payment of operating expenses of the system and debt payments.

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>
2019	\$ 439,000	\$ 139,601	\$ 578,601
2020	452,000	127,366	579,366
2021	465,000	114,769	579,769
2022	478,000	101,809	579,809
2023	492,000	88,487	580,487
2024-2028	<u>2,683,000</u>	<u>228,673</u>	<u>2,911,673</u>
	<u>\$ 5,009,000</u>	<u>\$ 800,705</u>	<u>\$ 5,809,705</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2019	\$ 620,000	\$ 624,775	\$ 1,244,775
2020	640,000	605,875	1,245,875
2021	665,000	582,975	1,247,975
2022	685,000	563,681	1,248,681
2023	705,000	543,588	1,248,588
2024-2028	4,060,000	2,175,863	6,235,863
2029-2033	4,995,000	1,239,319	6,234,319
2034-2037	4,680,000	310,213	4,990,213
	<u>\$ 17,050,000</u>	<u>\$ 6,646,289</u>	<u>\$ 23,696,289</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	\$ 5,435,000	\$ -	\$ (426,000)	\$ 5,009,000	\$ 439,000
Compensated absences	859,113	68,004	-	927,117	64,898
Net OPEB liability	4,857,903	575,659	-	5,433,562	-
Net pension liability	574,029	2,037,913	-	2,611,942	-
Total Governmental Activities	<u>\$ 11,726,045</u>	<u>\$ 2,681,576</u>	<u>\$ (426,000)</u>	<u>\$ 13,981,621</u>	<u>\$ 503,898</u>
<u>Business-type Activities:</u>					
Sewer Revenue bonds	\$ 17,055,000	\$ -	\$ (5,000)	\$ 17,050,000	\$ 620,000
Bond premium	1,004,883	-	(52,889)	951,994	52,889
Compensated absences	131,333	16,050	-	147,383	10,317
Net OPEB liability	634,868	127,014	-	761,882	-
Net pension liability	55,949	589,439	-	645,388	-
Total Business-type Activities	<u>\$ 18,882,033</u>	<u>\$ 732,503</u>	<u>\$ (57,889)</u>	<u>\$ 19,556,647</u>	<u>\$ 683,206</u>

In the governmental activities, the general obligation note is being liquidated by the capital reserve fund and the remaining long-term liabilities by the general fund.

For the year ended December 31, 2018, interest expense was \$721,799, of which \$581,209 was recorded as a direct expense of the sewer function.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 6 TAXES

For 2018, 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, 2018 was \$1,857,423,083.

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 2018:

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, 2018, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total Governmental Funds
Restricted:				
Capital projects	\$ -	\$ 4,315,074	\$ -	\$ 4,315,074
Highways and streets	-	-	23,946	23,946
Assigned:				
Open space projects	-	-	129,632	129,632
Zoning hearing	-	-	327,889	327,889
Capital projects	-	-	56,082	56,082
Unassigned	12,565,607	-	-	12,565,607
Total Fund Balances	<u>\$ 12,565,607</u>	<u>\$ 4,315,074</u>	<u>\$ 537,549</u>	<u>\$ 17,418,230</u>

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

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, 2018 consisted of the following:

Active employees	25
Retirees and beneficiaries currently receiving benefits	21
Inactive members entitled to but not yet receiving benefits	<u>-</u>
Total	<u>46</u>

Benefit Provisions

Actuarial Valuation Report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2017, 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. Average monthly compensation is based upon the last 36 months of employment. A member becomes 100 percent vested in the benefit accrued after 12 or more years of continued service. Payments continue after the member's death to the surviving spouse, or eligible child, equal to 50 percent of the monthly pension payable to the member at the time of death.

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

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

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50 percent of the monthly pension benefit the member would have been receiving had he been retired at the time of death.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

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.

An active member who has met the eligibility requirements for normal retirement may elect to participate in the deferred retirement option program ("DROP") for a period of 36 months if eligible to enter the DROP during 2018 - 2020, 48 months if eligible to enter the DROP during 2021, or 60 months if eligible to enter the DROP after 2021. Such election must be made within 60 days of becoming eligible to enter the DROP. The monthly pension shall be calculated as of the date of participation in the DROP and shall be accumulated with interest earned on the DROP account, subject to a minimum of 0.0 percent and a maximum of 4.5 percent in any calendar year, and distributed in a lump sum at retirement. The DROP account balance at December 31, 2018 was \$324,139.

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 except as described below.

The Plan's unallocated insurance contract is 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, 2018, the carrying amount of the plan's deposits was \$349,327, of

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

which \$349,121 was invested in a federated prime obligations fund held by the trustee of the pension in the plan's name, and \$206 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, 2018, the Plan had the following investments:

<u>Investment Type</u>	<u>Fair or Contract Value</u>	<u>Level 1</u>
Domestic equity mutual funds	\$ 6,121,723	\$ 6,121,723
International equity mutual funds	4,303,737	4,303,737
Fixed income mutual funds	5,647,465	5,647,465
Insurance contract	<u>493,278</u>	<u>-</u>
TOTAL	<u>\$ 16,566,203</u>	<u>\$ 16,072,925</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. In addition to the MMO, employees were required to contribute five percent to the plan during 2018.

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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2017 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	39%	5.5% - 7.5%
International equity	26%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
	<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, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. 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 8 POLICE PENSION PLAN (cont'd)

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2017	\$ 16,805,541	\$ 17,672,609	\$ (867,068)
Service cost	482,207	-	482,207
Interest cost	1,184,859	-	1,184,859
Changes of assumptions	-	-	-
Changes for experience	-	-	-
Contributions – employer	-	307,836	(307,836)
Contributions – members	-	167,224	(167,224)
Net investment loss	-	(804,960)	804,960
Administrative expenses	-	(30,359)	30,359
Benefit payments	(396,820)	(396,820)	-
Net changes	1,270,246	(757,079)	2,027,325
Balances at December 31, 2018	\$ 18,075,787	\$ 16,915,530	\$ 1,160,257

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)	\$ 3,345,100	\$ 1,160,257	\$ (673,457)

Money-weighted Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on the police pension fund investments, net of investment expense was -4.30 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION PLAN (cont'd)

Net Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2018, the Township reported a net pension liability of \$1,160,257 for its police pension plan.

For the year ended December 31, 2018, the Township recognized pension expense of \$511,057 under this plan. At December 31, 2018, 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	\$ 1,871,738	\$ 737,464
Changes of assumptions	380,757	-
Net difference between expected and actual experience	<u>-</u>	<u>962,637</u>
	<u>\$ 2,252,495</u>	<u>\$ 1,700,101</u>

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

Year Ended December 31,

2019	\$ 252,297
2020	41,678
2021	45,145
2022	288,658
2023	(37,693)
Thereafter	<u>(37,691)</u>
	<u>\$ 552,394</u>

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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, 2018, 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>11</u>
Total	<u>86</u>

Benefit Provisions

Actuarial Valuation Report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2017, 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 except as described below.

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, 2018, the carrying amount of the plan's deposits was \$240,096, of which \$240,006 was invested in a Federated Prime obligations fund held by the trustee of the pension in the plan's name, and \$90 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, 2018, the plan had the following investments:

<u>Investment Type</u>	<u>Fair or Contract Value</u>	<u>Level 1</u>
Domestic equity mutual funds	\$ 2,727,967	\$ 2,727,967
International equity mutual funds	1,902,750	1,902,750
Fixed income mutual funds	2,453,112	2,453,112
Insurance contract	307,181	-
TOTAL	\$ 7,391,010	\$ 7,083,829

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, 2017 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	39%	5.5% - 7.5%
International equity	26%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
	<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, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. 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)

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2017	\$ 8,479,314	\$ 7,905,285	\$ 574,029
Service cost	309,114	-	309,114
Interest cost	604,412	-	604,412
Changes of assumptions	-	-	-
Changes for experience	-	-	-
Contributions – employer	-	399,015	(399,015)
Net investment loss	-	(347,201)	347,201
Administrative expenses	-	(15,944)	15,944
Benefit payments	(310,049)	(310,049)	-
Net changes	603,477	(274,179)	877,656
Balances at December 31, 2018	\$ 9,082,791	\$ 7,631,106	\$ 1,451,685

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	\$ 2,581,811	\$ 1,451,685	\$ 495,170

Money-weighted Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on the non-uniformed pension fund investments, net of investment expense was -4.13 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2018, the Township reported a net pension liability of \$1,451,685 for its non-uniformed pension plan.

For the year ended December 31, 2018, the Township recognized pension expense of \$541,043 under the non-uniformed pension plan. At December 31, 2018, 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	\$ 827,338	\$ 336,217
Changes in actuarial assumptions	235,803	-
Net difference between projected and actual experience	<u>92,943</u>	<u>190,559</u>
	<u>\$ 1,156,084</u>	<u>\$ 526,776</u>

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

<u>Year Ended December 31,</u>	
2019	\$ 183,447
2020	91,373
2021	95,922
2022	204,963
2023	21,146
Thereafter	<u>32,457</u>
	<u>\$ 629,308</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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

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.

Plan Membership

Plan membership as of December 31, 2018 consisted of the following:

Active employees	29
Retirees and beneficiaries currently receiving benefits	10
Inactive members entitled to but not yet receiving benefits	<u>5</u>
Total	<u>44</u>

Benefit Provisions

Actuarial Valuation Report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2017, 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

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.

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 except as described below.

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 government's deposits may not be returned. At December 31, 2018, the carrying amount of the plan's deposits was \$216,182, of which \$216,131 was invested in a Federated Prime obligations fund held by the trustee of the pension in the plan's name, and \$51 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 10 SEWER 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, 2018, the plan had the following investments:

<u>Investment Type</u>	<u>Fair or Contract Value</u>	<u>Level 1</u>
Domestic equity mutual funds	\$ 1,739,489	\$ 1,739,489
International equity mutual funds	1,184,783	1,184,783
Fixed income mutual funds	1,309,160	1,309,160
Insurance contract	<u>332,522</u>	<u>-</u>
TOTAL	<u>\$ 4,565,954</u>	<u>\$ 4,233,432</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, 2017 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 10 SEWER 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	39%	5.5% - 7.5%
International equity	26%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%
	<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, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. 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 10 SEWER PENSION PLAN (cont'd)

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2017	\$ 5,174,493	\$ 5,118,544	\$ 55,949
Service cost	141,109	-	141,109
Interest cost	363,352	-	363,352
Changes of assumptions	-	-	-
Changes for experience	-	-	-
Contributions – employer	-	144,055	(144,055)
Net investment loss	-	(216,247)	216,247
Administrative expenses	-	(12,786)	(12,786)
Benefit payments	(251,430)	(251,430)	-
Net changes	253,031	(336,408)	589,439
Balances at December 31, 2018	\$ 5,427,524	\$ 4,782,136	\$ 645,388

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	\$ 1,332,185	\$ 645,388	\$ 63,473

Money-weighted Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on the sewer pension plan investments, net of investment expense was -4.30 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Pension Liability and Expense and Deferred Outflows of Resources

At December 31, 2018, the Township reported a net pension liability of \$645,388 for its sewer pension plan.

For the year ended December 31, 2018, the Township recognized pension expense of \$271,884 under the sewer pension plan. At December 31, 2018, the Township reported deferred outflows and inflows of resources related to the sewer 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	\$ 529,463	\$ 101,167
Changes of assumptions	162,344	-
Net difference between expected and actual experience	<u>58,179</u>	<u>213,902</u>
	<u>\$ 749,986</u>	<u>\$ 315,069</u>

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

<u>Year Ended December 31,</u>	
2019	\$ 121,485
2020	58,499
2021	59,123
2022	130,010
2023	13,389
Thereafter	<u>52,411</u>
	<u>\$ 434,917</u>

NOTE 11 OTHER POSTEMPLOYMENT 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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

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.

Eligibility for Benefits

Police officers are eligible to retire and receive postemployment benefits after attainment of age 55 and completion of 25 years of service. All other Township employees are eligible to retire and receive postemployment benefits after attainment of age 60 and completion of 20 years of service or after attainment of age 55 and completion of 25 years of service, if earlier.

Medical Benefits Payable Upon Retirement

Eligible retirees who have not attained Medicare age may receive fully paid medical, prescription drug, dental, and vision coverage. Retired police officers may elect coverage for their spouses at full cost to the retiree.

Life Insurance Payable Upon Retirement

Eligible retirees who have not attained Medicare age may receive paid term life insurance in the amount of \$10,000.

Medical Benefits Payable Upon Disability

In the event a police officer leaves employment due to either a medical leave of absence or due to receiving a disability pension, the police officer may receive fully paid medical, prescription drug, dental, and vision coverage for 29 months. Any eligible dependents of the police officer may receive one month of fully paid medical, prescription drug, dental and vision coverage for each year of service accumulated by the police officer, up to a maximum of 29 months.

Medical Benefits Upon Death

In the event of the death of an active police officer, any eligible dependents of the police officer may receive one month of fully-paid medical, prescription drug, dental, and vision coverage for each year of service accumulated by the police officer, up to a maximum of 12 months.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Dependents

Spouses of retired police officers are eligible to elect medical, prescription drug, dental, and vision coverage by paying the full premiums.

Duration of Medical Benefits

All benefits are provided until the retiree attains Medicare age. Retired police officers may continue coverage after Medicare age at full cost to the retiree.

Coordination with Medicare

Spouses who attain Medicare age before the retiree and retired police officers who have attained Medicare age may continue coverage that pays secondary to Medicare by paying the full premiums.

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.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of January 1, 2018, the same date as the latest actuarial valuation. Participant data is based on census data as of January 1, 2018. The actuarial cost method uses entry age normal.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.16 percent based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2018.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.00 percent.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Withdrawal

The table below shows rates of withdrawal at selected ages.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	5.50%	35	2.50%	50	0.00%
25	5.00%	40	1.00%	55	0.00%
30	4.00%	45	0.50%	60	0.00%

Mortality

Mortality rates are based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected seven years and rates for non-annuitants projected fifteen years using Scale AA to reflect mortality improvement.

Disability

The table below shows rates of disability at selected ages.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.03%	35	0.05%	50	0.18%
25	0.03%	40	0.07%	55	0.36%
30	0.04%	45	0.10%	60	0.90%

Retirement

All employees are assumed to retire immediately upon eligibility for normal retirement under the Township's pension plans.

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of employees are assumed to elect medical coverage until age 65. One hundred percent of employees are assumed to elect life insurance and continue coverage for life by paying the premium beginning at age 65.

Percent Married at Retirement

Fifty percent of employees electing coverage at retirement are assumed to be married and have a spouse covered by the plan.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Spouse Age

Wives are assumed to be the same age as their husbands.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 9,818	\$ 14,179
50-54	\$ 13,003	\$ 16,025
55-59	\$ 15,837	\$ 16,768
60-64	\$ 20,666	\$ 19,262

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Healthcare Cost Trend Rate.

Life Insurance

It is assumed that the annual cost to provide life insurance varies by age. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table. Retiree contributions are \$7.10 per month of coverage beginning at age 65.

Healthcare Cost Trend Rate

The healthcare cost trend rate is 6.00 percent in 2018 and 5.50 percent in 2019 through 2021. Rates gradually decrease from 5.40 percent in 2022 to 3.80 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.16 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

	1% Decrease 2.16%	Current Rate Discount Rate 3.16%	1% Increase 4.16%
Total OPEB liability	\$ 6,729,929	\$ 6,195,444	\$ 5,703,059
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 6,729,929</u>	<u>\$ 6,195,444</u>	<u>\$ 5,703,059</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate Healthcare Trend Rate	1% Increase
Total OPEB liability	\$ 5,494,449	\$ 6,195,444	\$ 7,019,850
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,494,449</u>	<u>\$ 6,195,444</u>	<u>\$ 7,019,850</u>

Changes in Total OPEB Liability

Total OPEB liability as of January 1, 2017	\$ 5,492,771
Service cost	403,195
Interest on OPEB obligation	214,809
Effect of assumption changes or inputs	280,240
Benefit payments	<u>(195,571)</u>
Total OPEB liability as of January 1, 2018	<u>\$ 6,195,444</u>

The amount of OPEB expense recognized by the Township was \$643,480 for the year ended December 31, 2018. An amount of \$180,120 is reported as deferred outflows of resources resulting from the Township's benefit payments subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. At December 31, 2018, the Township reported deferred outflows of resources relating to OPEB from the following sources:

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 254,764	\$ -
Total	<u>\$ 254,764</u>	<u>\$ -</u>

Deferred inflows of resources due to the change in assumptions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ 25,476
2020	25,476
2021	25,476
2022	25,476
2023	25,476
Thereafter	<u>127,384</u>
	<u>\$ 254,764</u>

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. As a result of the reassessment, a second Interim Settlement Agreement was reached in October 2018 to further reduce effluent TP from a monthly average of 0.8 mg/L to a monthly average of 0.1 mg/L by December 2022 with the ultimate goal of demonstrating whether or not a U.S. EPA-approved tertiary treatment system can treat to levels of TP lower than 0.1 mg/L. These limits will affect all stormwater and wastewater dischargers in

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 12 CONTINGENT LIABILITIES (cont'd)

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 2018 and 2017, the state made contributions of \$594,917 and \$578,120, 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, 2018:

General Fund:

General Government

Tax collection	\$ 5,860
Engineering and legal	\$ 107,056

Public Works - Highway and Streets:

Winter maintenance	\$ 112,784
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The excess expenditures in the general fund were covered by savings in other budgeted expenditure use line items.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 16 COMMITMENTS

As of December 31, 2018, anticipated construction commitments are as follows:

	Contract Amount	Completed at 12/31/2018	Estimated Balance to Complete
<i>Governmental Activities:</i>			
Basin retrofit project	\$ 173,130	\$ 122,532	\$ 50,597
Total Governmental Activities	<u>\$ 173,130</u>	<u>\$ 122,532</u>	<u>\$ 50,597</u>
<i>Business-type Activities:</i>			
Sanitary Sewer 2017	\$ 1,242,125	\$ 973,813	\$ 268,312
Digesters	5,351,944	3,300,919	2,051,025
Headworks	1,562,054	1,562,054	-
Chemical System Upgrade	103,819	103,819	-
Total Business-type Activities	<u>\$ 8,259,942</u>	<u>\$ 5,940,605</u>	<u>\$ 2,319,337</u>

In addition, the Township has incurred costs totaling \$3,830,610 (\$271,957 for governmental activities and \$3,558,653 for business-type activities) for project costs that are not under a formal contract as of December 31, 2018.

NOTE 17 PRIOR PERIOD ADJUSTMENTS

The Township has decreased its January 1, 2018 net position in the governmental activities by \$999,772 due to the effects of implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Township recorded a beginning deferred outflow for OPEB contributions of \$193,862 and a beginning net OPEB liability of \$4,857,903. The previously reported \$3,664,269 OPEB obligation liability as of December 31, 2017 is no longer recognized due to the change in accounting principle.

The Township has decreased its January 1, 2018 net position by \$190,348 in the business-type activities and sewer fund due to the effects of implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Township recorded a beginning deferred outflow for OPEB contributions of \$1,709 and a beginning net OPEB liability of \$634,868. The previously reported \$442,811 OPEB obligation liability as of December 31, 2017 is no longer recognized due to the change in accounting principle.

NOTE 18 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 20, 2019, 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**

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 482,207	\$ 456,998	\$ 415,153	\$ 401,183	\$ 410,584
Interest cost	1,184,859	1,113,465	1,057,292	986,699	971,105
Benefit payments	(396,820)	(396,845)	(400,299)	(396,819)	(477,607)
Changes of assumptions	-	507,675	-	-	-
Changes for experience	-	(809,217)	-	(711,452)	-
NET CHANGE IN TOTAL PENSION LIABILITY	1,270,246	872,076	1,072,146	279,611	904,082
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	16,805,541	15,933,465	14,861,319	14,581,708	13,677,626
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 18,075,787</u>	<u>\$ 16,805,541</u>	<u>\$ 15,933,465</u>	<u>\$ 14,861,319</u>	<u>\$ 14,581,708</u>
PLAN FIDUCIARY NET POSITION					
Contributions:					
Employer	\$ 92,610	\$ 84,140	\$ 85,924	\$ 247,834	\$ 233,278
State aid	215,226	199,191	174,787	209,433	211,512
Employees	167,224	187,020	167,572	151,755	134,380
Net investment income (loss)	(804,960)	2,326,937	1,043,030	(26,865)	847,036
Benefit payments	(396,820)	(396,845)	(400,299)	(396,819)	(477,607)
Administrative expenses	(30,359)	(29,051)	(27,638)	(27,617)	(28,617)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(757,079)	2,371,392	1,043,376	157,721	919,982
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	17,672,609	15,301,217	14,257,841	14,100,120	13,180,138
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 16,915,530</u>	<u>\$ 17,672,609</u>	<u>\$ 15,301,217</u>	<u>\$ 14,257,841</u>	<u>\$ 14,100,120</u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET)	<u>\$ 1,160,257</u>	<u>\$ (867,068)</u>	<u>\$ 632,248</u>	<u>\$ 603,478</u>	<u>\$ 481,588</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	93.58%	105.16%	96.03%	95.94%	96.70%
Covered employee payroll	\$ 2,994,228	\$ 3,595,369	\$ 3,393,491	\$ 3,063,588	\$ 2,981,325
Township's net pension liability (asset) as a percentage of covered payroll	38.75%	(24.12%)	18.63%	19.70%	16.15%
Annual money-weighted rate of return, net of investment expense	-4.30%	15.26%	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

<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>
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%
2017	283,331	283,331	-	3,595,369	7.88%
2018	307,836	307,836	-	2,994,228	10.28%

* 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 cost method	Entry age normal
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:

Changes in benefit terms: Effective January 1, 2018, an active member who is eligible for normal retirement may

**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**

	2018	2017	2016	2015	2014
<u>TOTAL PENSION LIABILITY</u>					
Service cost	\$ 309,114	\$ 296,549	\$ 315,049	\$ 303,948	\$ 254,248
Interest cost	604,412	564,858	524,397	486,872	440,546
Benefit payments	(310,049)	(309,384)	(286,817)	(244,638)	(222,549)
Changes of assumptions	-	294,753	-	-	-
Changes for experience	-	(238,199)	-	154,907	-
NET CHANGE IN TOTAL PENSION LIABILITY	603,477	608,577	552,629	701,089	472,245
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	8,479,314	7,870,737	7,318,108	6,617,019	6,144,774
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 9,082,791</u>	<u>\$ 8,479,314</u>	<u>\$ 7,870,737</u>	<u>\$ 7,318,108</u>	<u>\$ 6,617,019</u>
<u>PLAN FIDUCIARY NET POSITION</u>					
Contributions:					
Employer	\$ 120,041	\$ 117,667	\$ 132,083	\$ 203,323	\$ 179,953
State aid	278,974	278,562	268,686	171,819	163,162
Net investment income (loss)	(347,201)	1,041,023	476,625	(9,007)	384,114
Benefit payments	(310,049)	(309,384)	(286,387)	(244,638)	(222,549)
Administrative expenses	(15,944)	(15,553)	(14,892)	(14,690)	(14,992)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(274,179)	1,112,315	576,115	106,807	489,688
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	7,905,285	6,792,970	6,216,855	6,110,048	5,620,360
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 7,631,106</u>	<u>\$ 7,905,285</u>	<u>\$ 6,792,970</u>	<u>\$ 6,216,855</u>	<u>\$ 6,110,048</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 1,451,685</u>	<u>\$ 574,029</u>	<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	84.02%	93.23%	86.31%	84.95%	92.34%
Covered employee payroll	\$ 2,981,440	\$ 2,845,587	\$ 2,807,489	\$ 2,844,820	\$ 2,782,787
Township's net pension liability as a percentage of covered payroll	48.69%	20.17%	38.39%	38.71%	18.22%
Annual money-weighted rate of return, net of investment expense	-4.13%	15.51%	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
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%
2017	396,229	396,229	-	2,845,587	13.92%
2018	399,015	399,015	-	2,981,440	13.38%

* 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 cost method	Entry age normal
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**

	2018	2017	2016	2015	2014
<u>TOTAL PENSION LIABILITY</u>					
Service cost	\$ 141,109	\$ 136,533	\$ 122,132	\$ 118,032	\$ 90,928
Interest cost	363,352	346,766	325,497	304,683	275,004
Benefit payments	(251,430)	(251,430)	(208,446)	(51,518)	(58,672)
Changes of assumptions	-	194,812	-	-	-
Changes for experience	-	(121,401)	-	87,267	-
NET CHANGE IN TOTAL PENSION LIABILITY	253,031	305,280	239,183	458,464	307,260
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	5,174,493	4,869,213	4,630,030	4,171,566	3,864,306
TOTAL PENSION LIABILITY, END OF YEAR	\$ 5,427,524	\$ 5,174,493	\$ 4,869,213	\$ 4,630,030	\$ 4,171,566
<u>PLAN FIDUCIARY NET POSITION</u>					
Contributions:					
Employer	\$ 43,338	\$ 42,396	\$ 48,660	\$ 91,693	\$ 95,042
State aid	100,717	100,367	98,983	77,486	86,175
Net investment income (loss)	(216,247)	684,044	315,005	(2,208)	252,270
Benefit payments	(251,430)	(251,430)	(208,446)	(51,518)	(58,672)
Administrative expenses	(12,786)	(12,696)	(12,450)	(12,417)	(12,514)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(336,408)	562,681	241,752	103,036	362,301
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	5,118,544	4,555,863	4,314,111	4,211,075	3,848,774
PLAN FIDUCIARY NET POSITION, END OF YEAR	\$ 4,782,136	\$ 5,118,544	\$ 4,555,863	\$ 4,314,111	\$ 4,211,075
TOWNSHIP'S NET PENSION LIABILITY (ASSET)	\$ 645,388	\$ 55,949	\$ 313,350	\$ 315,919	\$ (39,509)
Plan fiduciary net position as a percentage of total pension liability	88.11%	98.92%	93.56%	93.18%	100.95%
Covered employee payroll	\$ 1,380,690	\$ 1,235,027	\$ 1,293,914	\$ 1,307,698	\$ 1,420,375
Township's net pension liability (asset) as a percentage of covered payroll	46.74%	4.53%	24.22%	24.16%	(2.78%)
Annual money-weighted rate of return, net of investment expense	-4.30%	15.33%	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>
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%
2017	142,763	142,763	-	1,235,027	11.56%
2018	144,055	144,055	-	1,380,690	10.43%

* 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 cost method	Entry age normal
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 THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS**

	MEASUREMENT DATE <u>January 1, 2018</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 403,195
Interest on total OPEB liability	214,809
Effect of change in assumptions	280,240
Benefit payments	<u>(195,571)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	702,673
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>5,492,771</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u><u>\$ 6,195,444</u></u>
<u>PLAN FIDUCIARY NET POSITION</u>	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrative expenses	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>-</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u><u>\$ -</u></u>
TOWNSHIP'S NET OPEB LIABILITY	<u><u>\$ 6,195,444</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%
Covered employee payroll	\$ 7,675,983
Township's net OPEB liability as a percentage of covered payroll	80.71%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST GOSHEN TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWNSHIP OPEB 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>Contribution as a Percentage of Payroll</u>
2018	\$ -	\$ -	\$ -	\$ 7,675,983	0.00%

Notes to Schedule:

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until

Valuation Date: January 1, 2018

Methods and Assumptions Used

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	3.16%
Healthcare trend rates	6.0% in 2018, 5.5% 2019 through 2021. Rate gradually decrease from 5.4% in 2022 to 3.8% in 2075

**COMBINING FUND STATEMENTS AND
BUDGETARY COMPARISON SCHEDULES**

WEST GOSHEN TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES
DECEMBER 31, 2018
(With Summarized Comparative Data for December 31, 2017)

	Special Revenue Funds				Totals	
	State Fund	Offsite Development Fund	Zoning Hearing Board Fund	Capital Projects Fund	2018	2017
ASSETS:						
Cash and cash equivalents	\$ 23,946	\$ 129,632	\$ 327,889	\$ 56,082	\$ 537,549	\$ 281,456
TOTAL ASSETS	<u>\$ 23,946</u>	<u>\$ 129,632</u>	<u>\$ 327,889</u>	<u>\$ 56,082</u>	<u>\$ 537,549</u>	<u>\$ 281,456</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:						
Restricted	23,946	-	-	-	23,946	40,341
Assigned	-	129,632	327,889	56,082	513,603	241,115
Total Fund Balances	<u>23,946</u>	<u>129,632</u>	<u>327,889</u>	<u>56,082</u>	<u>537,549</u>	<u>281,456</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,946</u>	<u>\$ 129,632</u>	<u>\$ 327,889</u>	<u>\$ 56,082</u>	<u>\$ 537,549</u>	<u>\$ 281,456</u>

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Special Revenue Funds				Capital Projects Fund	Totals	
	State Fund	Offsite Development Fund	Hearing Board Fund	Zoning Fund		2018	2017
REVENUES:							
Investment earnings	\$ 1,394	\$ 277	\$ -	-	\$ 558	\$ 2,229	\$ 1,735
Intergovernmental revenues	726,375	-	-	-	-	726,375	694,075
Charges for services	-	-	106,000	-	-	106,000	9,000
Contributions	-	70,000	-	-	-	70,000	187,500
Miscellaneous revenue	-	-	293,629	-	-	293,629	-
TOTAL REVENUES	<u>727,769</u>	<u>70,277</u>	<u>399,629</u>	<u>399,629</u>	<u>558</u>	<u>1,198,233</u>	<u>892,310</u>
EXPENDITURES:							
Public works - highways and streets	744,164	-	-	-	-	744,164	725,000
Miscellaneous	-	-	72,741	-	-	72,741	10,750
Total Expenditures	<u>744,164</u>	<u>-</u>	<u>72,741</u>	<u>72,741</u>	<u>-</u>	<u>816,905</u>	<u>735,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,395)</u>	<u>70,277</u>	<u>326,888</u>		<u>558</u>	<u>381,328</u>	<u>156,560</u>
OTHER FINANCING USES:							
Interfund transfers	-	(125,235)	-	-	-	(125,235)	(217,794)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(125,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,235)</u>	<u>(217,794)</u>
NET CHANGE IN FUND BALANCES	<u>(16,395)</u>	<u>(54,958)</u>	<u>326,888</u>		<u>558</u>	<u>256,093</u>	<u>(61,234)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>40,341</u>	<u>184,590</u>	<u>1,001</u>		<u>55,524</u>	<u>281,456</u>	<u>342,690</u>
FUND BALANCES, END OF YEAR	<u>\$ 23,946</u>	<u>\$ 129,632</u>	<u>\$ 327,889</u>		<u>\$ 56,082</u>	<u>\$ 537,549</u>	<u>\$ 281,456</u>

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUND TYPE - CAPITAL RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES:			
Interest earnings	\$ 28,000	\$ 45,890	\$ 17,890
Grants	142,000	-	(142,000)
TOTAL REVENUES	<u>170,000</u>	<u>45,890</u>	<u>(124,110)</u>
EXPENDITURES:			
General government	37,500	37,116	384
Public works - highways and streets	1,262,000	205,839	1,056,161
Culture and recreation	147,500	125,235	22,265
Debt Service:			
Principal	426,000	426,000	-
Interest	140,590	140,590	-
TOTAL EXPENDITURES	<u>2,013,590</u>	<u>934,780</u>	<u>1,078,810</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,843,590)</u>	<u>(888,890)</u>	<u>954,700</u>
OTHER FINANCING SOURCES:			
Interfund transfers	714,090	691,825	(22,265)
TOTAL OTHER FINANCING SOURCES	<u>714,090</u>	<u>691,825</u>	<u>(22,265)</u>
NET CHANGE IN FUND BALANCE	(1,129,500)	(197,065)	932,435
FUND BALANCE, BEGINNING OF YEAR	<u>4,613,022</u>	<u>4,512,139</u>	<u>(100,883)</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,483,522</u>	<u>\$ 4,315,074</u>	<u>\$ 831,552</u>

**WEST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUND TYPE - STATE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ 1,300	\$ 1,394	\$ 94
State grants	716,116	726,375	10,259
TOTAL REVENUES	<u>717,416</u>	<u>727,769</u>	<u>10,353</u>
EXPENDITURES			
Public works - highways and streets	750,000	744,164	5,836
TOTAL EXPENDITURES	<u>750,000</u>	<u>744,164</u>	<u>5,836</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(32,584)</u>	<u>(16,395)</u>	<u>16,189</u>
NET CHANGE IN FUND BALANCE	(32,584)	(16,395)	16,189
FUND BALANCE, BEGINNING OF YEAR	<u>40,384</u>	<u>40,341</u>	<u>(43)</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,800</u>	<u>\$ 23,946</u>	<u>\$ 16,146</u>

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2018

(With Summarized Comparative Data for December 31, 2017)

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund	Police Pension Fund	Non- Uniformed Pension Fund	Sewer Pension Fund	Totals
						2018 2017
ASSETS						
Cash and cash equivalents	\$ 1,420,466	\$ 1,634,224	\$ 349,327	\$ 240,096	\$ 216,182	\$ 3,860,295 \$ 3,857,500
Insurance contracts, at contract value	-	-	493,278	307,181	332,522	1,132,981 1,152,305
Investments, at fair value: mutual funds	-	-	16,072,925	7,083,829	4,233,432	27,390,186 28,559,223
TOTAL ASSETS	<u>\$ 1,420,466</u>	<u>\$ 1,634,224</u>	<u>\$ 16,915,530</u>	<u>\$ 7,631,106</u>	<u>\$ 4,782,136</u>	<u>\$32,383,462 \$33,569,028</u>
LIABILITIES AND NET POSITION						
Liabilities						
Net Position:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for pension benefits	-	-	16,915,530	7,631,106	4,782,136	29,328,772 30,696,438
Restricted for other postemployment benefits	1,420,466	1,634,224	-	-	-	3,054,690 2,872,590
TOTAL NET POSITION	<u>1,420,466</u>	<u>1,634,224</u>	<u>16,915,530</u>	<u>7,631,106</u>	<u>4,782,136</u>	<u>32,383,462 33,569,028</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,420,466</u>	<u>\$ 1,634,224</u>	<u>\$ 16,915,530</u>	<u>\$ 7,631,106</u>	<u>\$ 4,782,136</u>	<u>\$32,383,462 \$33,569,028</u>

WEST GOSHEN TOWNSHIP
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Data for the Year Ended December 31, 2017)

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund	Police Pension Fund	Non- Uniformed Pension Fund	Sewer Pension Fund	Totals
						20182017
CONTRIBUTIONS AND INVESTMENT INCOME (LOSS)						
Contributions:						
State aid	\$ -	\$ -	\$ 215,226	\$ 278,974	\$ 100,717	\$ 594,917 \$ 578,120
Employer contributions	82,214	123,492	92,610	120,041	43,338	461,695 443,917
Employee contributions	-	-	167,224	-	-	167,224 187,020
Total Contributions	<u>82,214</u>	<u>123,492</u>	<u>475,060</u>	<u>399,015</u>	<u>144,055</u>	<u>1,223,836</u> <u>1,209,057</u>
Investment income:						
Net increase (decrease) in fair value of investments	-	-	(1,390,167)	(611,127)	(393,543)	(2,394,837) 3,037,783
Realized gain (loss) on investments	-	-	(71,495)	(27,800)	(12,192)	(111,487) 5,958
Interest and dividends	1,607	1,849	656,702	291,726	189,488	1,141,372 1,010,777
Total Investment Income (Loss)	<u>1,607</u>	<u>1,849</u>	<u>(804,960)</u>	<u>(347,201)</u>	<u>(216,247)</u>	<u>(1,364,952)</u> <u>4,054,518</u>
TOTAL CONTRIBUTIONS AND INVESTMENT INCOME (LOSS)	<u>83,821</u>	<u>125,341</u>	<u>(329,900)</u>	<u>51,814</u>	<u>(72,192)</u>	<u>(141,116)</u> <u>5,263,575</u>
DEDUCTIONS:						
Benefits paid	-	-	396,820	310,049	251,430	958,299 957,659
Administrative and other expenses	2,860	24,202	30,359	15,944	12,786	86,151 81,366
TOTAL DEDUCTIONS	<u>2,860</u>	<u>24,202</u>	<u>427,179</u>	<u>325,993</u>	<u>264,216</u>	<u>1,044,450</u> <u>1,039,025</u>
CHANGE IN NET POSITION	<u>80,961</u>	<u>101,139</u>	<u>(757,079)</u>	<u>(274,179)</u>	<u>(336,408)</u>	<u>(1,185,566)</u> <u>4,224,550</u>
NET POSITION, BEGINNING OF YEAR	<u>1,339,505</u>	<u>1,533,085</u>	<u>17,672,609</u>	<u>7,905,285</u>	<u>5,118,544</u>	<u>33,569,028</u> <u>29,344,478</u>
NET POSITION, END OF YEAR	<u>\$ 1,420,466</u>	<u>\$ 1,634,224</u>	<u>\$16,915,530</u>	<u>\$ 7,631,106</u>	<u>\$ 4,782,136</u>	<u>\$32,383,462</u> <u>\$33,569,028</u>

STATISTICAL SECTION

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets,										
net of related debt	\$ 29,263,767	\$ 29,590,575	\$ 29,529,499	\$ 29,647,915	\$ 30,468,198	\$ 29,937,656	\$ 29,820,482	\$ 29,694,718	\$ 29,500,369	\$ 29,353,928
Restricted	4,980,975	4,524,186	4,393,132	4,185,590	3,840,689	3,212,821	2,767,310	4,919,940	4,552,480	4,339,020
Unrestricted	10,613,470	10,397,645	9,762,261	8,620,279	9,746,738	8,401,746	8,506,679	6,734,995	7,400,335	8,224,370
Total governmental activities net assets	\$ 44,858,212	\$ 44,512,406	\$ 43,684,892	\$ 42,453,784	\$ 44,055,625	\$ 41,552,223	\$ 41,094,471	\$ 41,349,653	\$ 41,453,184	\$ 41,917,318
Business-type activities										
Invested in capital assets,										
net of related debt	\$ 15,864,175	\$ 18,160,094	\$ 17,635,564	\$ 17,267,044	\$ 16,935,789	\$ 16,678,775	\$ 16,355,710	\$ 17,621,409	\$ 16,890,827	\$ 17,497,746
Restricted	9,137,829	1,432,798	1,442,605	1,448,033	1,452,764	1,455,339	1,457,524	1,459,768	1,467,065	1,474,459
Unrestricted	2,474,945	8,571,803	9,384,515	10,159,133	11,490,896	12,206,220	12,543,237	11,642,109	13,556,366	13,674,425
Total business-type activities net assets	\$ 27,476,949	\$ 28,164,695	\$ 28,462,684	\$ 28,874,210	\$ 29,879,449	\$ 30,340,334	\$ 30,356,471	\$ 30,723,286	\$ 31,914,258	\$ 32,646,630
Primary government										
Invested in capital assets,										
net of related debt	\$ 45,127,942	\$ 47,750,669	\$ 47,165,063	\$ 46,914,959	\$ 47,403,987	\$ 46,616,431	\$ 46,176,192	\$ 47,316,127	\$ 46,391,196	\$ 46,851,674
Restricted	14,118,804	5,956,984	5,835,737	5,633,623	5,293,453	4,668,160	4,224,834	6,379,708	6,019,545	5,813,479
Unrestricted	13,088,415	18,969,448	19,146,776	18,779,412	21,237,634	20,607,966	21,049,916	18,377,104	20,956,701	21,898,795
Total primary government net assets	\$ 72,335,161	\$ 72,677,101	\$ 72,147,576	\$ 71,327,994	\$ 73,935,074	\$ 71,892,557	\$ 71,450,942	\$ 72,072,939	\$ 73,367,442	\$ 74,563,948

Notes:

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

² 2017 Balances have been restated to reflect GASB 75 requirements.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General Government	\$ 2,195,329	\$ 3,062,908	\$ 2,576,740	\$ 2,285,489	\$ 2,184,861	\$ 2,546,127	\$ 2,741,412	\$ 2,710,953	\$ 2,686,827	\$ 3,057,287
Public Safety	6,010,813	6,464,674	6,592,175	6,787,133	6,800,503	7,171,353	7,021,272	7,382,445	7,399,464	7,892,154
Public Works - highways and streets	4,704,387	3,565,666	4,242,422	4,366,789	4,667,589	4,899,282	4,949,356	4,739,106	4,686,632	4,466,317
Other Public Works	234,457	121,795	54,681	86,940	110,173	112,722	158,856	169,304	128,098	188,487
Library	-	-	2,500	2,500	5,000	10,000	15,000	20,000	20,000	20,000
Culture and Recreation	1,240,395	1,330,682	1,239,590	1,489,677	1,645,589	1,714,787	1,734,113	1,790,090	1,852,157	1,850,830
Interest Expense	209,898	203,763	343,285	350,154	310,182	444,409	175,151	163,947	152,435	140,590
Total governmental activities expenses	14,595,279	14,749,488	15,051,393	15,368,682	15,723,897	16,898,680	16,795,160	16,975,845	16,925,613	17,615,665
Business-type activities:										
Sewer Operations	4,173,511	4,280,226	4,278,235	4,401,330	4,616,397	4,867,349	5,284,898	5,527,252	5,637,510	5,945,368
Waste and Recycling	1,918,726	2,031,249	2,045,978	2,264,025	2,098,813	1,797,087	1,837,054	1,930,465	2,196,416	2,292,893
Total business-type activities expenses	6,092,237	6,311,475	6,324,213	6,665,355	6,715,210	6,664,436	7,121,952	7,457,717	7,833,926	8,238,261
Total Primary Government Expenses	\$ 20,687,516	\$ 21,060,963	\$ 21,375,606	\$ 22,034,037	\$ 22,439,107	\$ 23,563,116	\$ 23,917,112	\$ 24,433,562	\$ 24,759,539	\$ 25,853,926
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 171,842	\$ 51,943	\$ 85,974	\$ 71,529	\$ 124,036	\$ 66,251	\$ 91,000	\$ 96,127	\$ 66,768	\$ 70,947
Public Safety	478,796	507,756	681,265	711,130	867,147	706,796	644,680	1,030,477	1,672,806	1,158,454
Culture and Recreation	93,485	696,996	151,485	187,762	214,563	180,458	115,414	105,014	276,471	163,602
Operating Grants and Contributions	958,303	1,033,480	1,354,353	1,027,497	1,090,913	1,124,722	1,170,971	1,320,213	1,366,723	1,400,591
Capital Grants and Contributions	25,304	751,137	-	-	972,224	363,813	348,826	726,588	-	215,093
Total governmental activities program revenues	1,727,730	3,041,312	2,273,077	1,997,918	3,268,883	2,442,040	2,370,891	3,278,419	3,382,768	3,008,687
Business-type activities:										
Charges for services:										
Sewer Operations	3,944,184	4,647,430	4,264,989	4,629,908	5,277,946	4,697,741	4,778,953	4,891,963	4,743,886	4,704,551
Waste and Recycling	1,758,456	2,136,619	2,148,782	2,148,038	2,174,578	2,167,053	2,165,167	2,170,042	2,170,454	2,172,343
Operating Grants and Contributions	103,055	190,264	191,654	245,337	228,645	157,564	143,178	162,563	150,367	248,297
Capital Grants and Contributions	-	-	-	-	-	-	-	532,477	2,031,352	1,514,638
Total business-type activities program revenues	5,805,695	6,974,313	6,605,425	7,023,283	7,681,169	7,022,358	7,087,298	7,757,045	9,096,059	8,639,829
Total Primary Government Program Revenues	\$ 7,533,425	\$ 10,015,625	\$ 8,878,502	\$ 9,021,201	\$ 10,950,052	\$ 9,464,398	\$ 9,458,189	\$ 11,035,464	\$ 12,478,827	\$ 11,648,516
Net (expense)/revenue										
Governmental activities	\$ (12,867,549)	\$ (11,708,176)	\$ (12,778,316)	\$ (13,370,764)	\$ (12,455,014)	\$ (14,456,640)	\$ (14,424,269)	\$ (13,697,426)	\$ (13,542,845)	\$ (14,606,978)
Business-type activities	(286,542)	662,838	281,212	357,928	965,959	357,922	(34,654)	299,328	1,262,133	401,568
Total primary government net expense	\$ (13,154,091)	\$ (11,045,338)	\$ (12,497,104)	\$ (13,012,836)	\$ (11,489,055)	\$ (14,098,718)	\$ (14,458,923)	\$ (13,398,098)	\$ (12,280,712)	\$ (14,205,410)

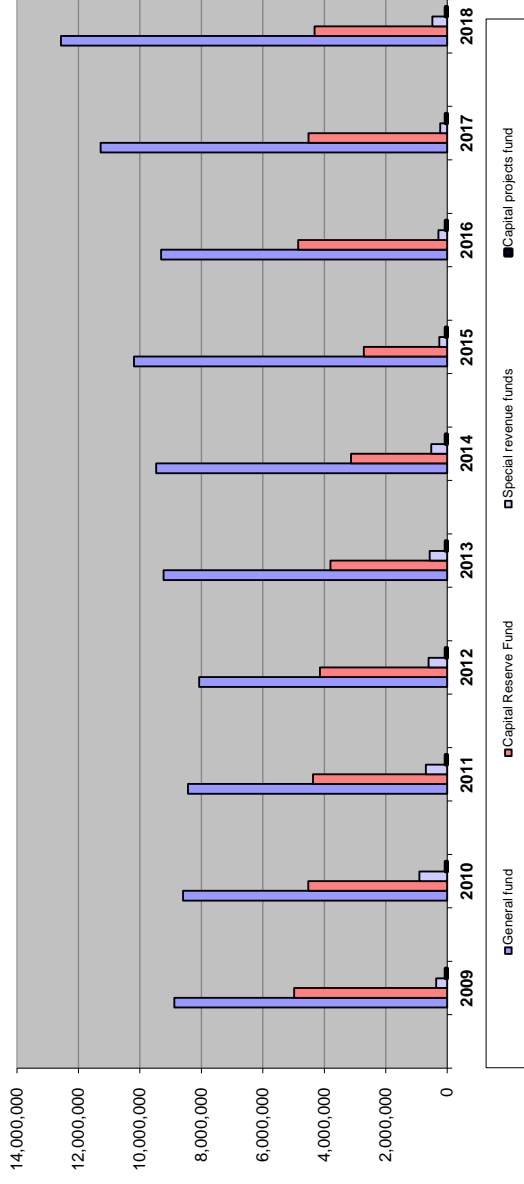
West Goshen Township
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 2,601,082	\$ 3,451,584	\$ 3,458,714	\$ 3,458,366	\$ 3,501,219	\$ 3,543,584	\$ 3,576,264	\$ 3,632,852	\$ 3,629,892	\$ 3,672,897
Real estate transfer taxes	441,286	462,798	568,142	709,390	1,018,868	854,008	989,947	881,904	1,267,050	1,064,295
Earned income taxes	6,264,503	5,999,465	6,366,105	6,447,467	7,976,151	7,046,256	7,685,688	7,598,606	7,820,461	8,386,598
Emergency Municipal Services Tax	878,489	910,778	921,698	862,127	950,498	1,010,067	1,048,411	1,075,187	1,113,231	1,085,346
Franchise fees	348,525	433,767	409,665	437,161	484,134	502,959	547,466	529,175	526,122	496,521
Investment earnings	75,603	55,637	42,211	29,936	26,357	27,788	27,221	36,604	86,171	180,312
Unrestricted grants and contributions	17,515	18,223	19,350	18,350	18,546	19,602	17,774	17,920	16,852	17,243
Gain (Loss) on sale of capital assets	(101,610)	(30,774)	80,141	41,079	17,777	(88,763)	20,313	81,135	97,690	76,473
Miscellaneous	40,074	60,892	84,776	169,795	63,305	26,296	53,433	99,225	88,679	91,427
Total governmental activities	10,565,467	11,362,370	11,950,802	12,173,671	14,056,855	12,941,797	13,966,517	13,952,608	14,646,148	15,071,112
Business-type activities:										
Investment earnings	33,658	27,919	16,777	51,392	39,280	38,245	50,791	58,826	119,186	330,804
Gain (Loss) on sale of capital assets	-	-	-	2,206	-	25,209	-	8,661	-	-
Miscellaneous	(52,362)	(3,011)	-	-	-	-	-	-	-	-
Total business-type activities	(18,704)	24,908	16,777	53,598	39,280	63,454	50,791	67,487	119,186	330,804
Total primary government	\$ 10,546,763	\$ 11,387,278	\$ 11,967,579	\$ 12,227,269	\$ 14,096,135	\$ 13,005,251	\$ 14,017,308	\$ 14,020,095	\$ 14,765,334	\$ 15,401,916
Change in Net Position										
Governmental activities	\$ (2,302,082)	\$ (345,806)	\$ (827,514)	\$ (1,197,093)	\$ 1,601,841	\$ (1,514,843)	\$ (457,752)	\$ 255,182	\$ 1,103,303	\$ 464,134
Business-type activities	(305,246)	687,746	297,989	411,526	1,005,239	421,376	16,137	366,815	1,381,319	732,372
Total primary government	\$ (2,607,328)	\$ 341,940	\$ (529,525)	\$ (785,567)	\$ 2,607,080	\$ (1,093,467)	\$ (441,615)	\$ 621,997	\$ 2,484,622	\$ 1,196,506

Notes:

- ¹ Dedication of sanitary sewer lines from the Wiltshire and Westtown Chase developments to the Sewer Authority.
- ² The increase from the prior year was the result of a 33% Real Estate Tax increase.
- ³ Expenses for 2014 have been restated to reflect the GASB 68 Pension Liability requirements.

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



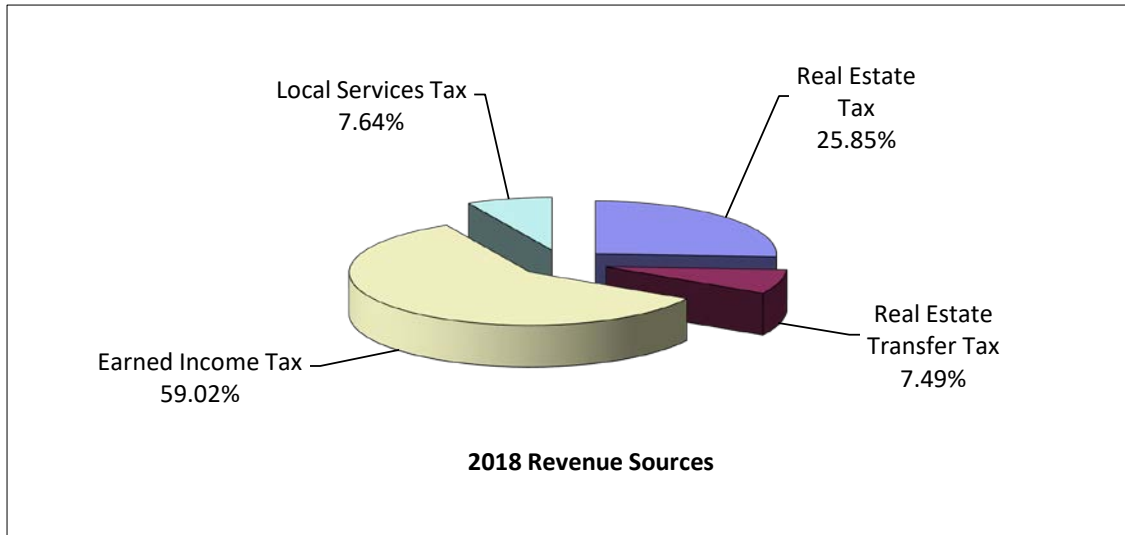
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Special revenue funds	\$ 8,879,327	\$ 8,597,789	\$ 6,451,630	\$ 6,315,911	\$ 9,230,147	\$ 9,474,307	\$ 10,188,854	\$ 9,307,160	\$ 11,281,162	\$ 12,565,607
Capital reserve fund	-	-	1,985,711	1,756,308	-	-	-	-	-	-
Assigned:	\$ 8,879,327	\$ 8,597,789	\$ 8,437,341	\$ 8,072,219	\$ 9,230,147	\$ 9,474,307	\$ 10,188,854	\$ 9,307,160	\$ 11,281,162	\$ 12,565,607
Total general fund										
All other governmental funds										
Restricted:										
Special revenue funds	\$ -	\$ -	\$ 24,820	\$ 43,919	\$ 40,281	\$ 84,840	\$ 54,902	\$ 70,049	\$ 40,341	\$ 23,946
Capital reserve fund	4,980,975	4,524,186	4,368,312	4,141,671	3,800,408	3,127,981	2,712,408	4,849,891	4,512,139	4,315,074
Unassigned:										
Special revenue funds	361,080	908,506	-	-	-	-	-	-	-	-
Capital projects fund	54,324	54,487	-	-	-	-	-	-	-	-
Assigned:										
Special revenue funds	-	-	673,249	565,730	528,782	436,486	200,729	217,394	185,591	457,521
Capital projects fund	-	-	54,651	54,782	54,892	55,002	55,112	55,247	55,524	56,082
Total Special Revenue Funds	361,080	908,506	698,069	609,649	569,063	521,326	255,631	287,443	225,932	481,467
Total Capital Reserve Fund	4,980,975	4,524,186	4,368,312	4,141,671	3,800,408	3,127,981	2,712,408	4,849,891	4,512,139	4,315,074
Total Capital Projects Fund	54,324	54,487	54,651	54,782	54,892	55,002	55,112	55,247	55,524	56,082
Total All Other Governmental Funds	\$ 5,396,379	\$ 5,487,179	\$ 5,121,032	\$ 4,806,102	\$ 4,424,363	\$ 3,704,309	\$ 3,023,151	\$ 5,192,581	\$ 4,793,595	\$ 4,852,623

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 9,987,767	\$ 10,927,967	\$ 11,135,369	\$ 11,648,433	\$ 12,995,470	\$ 12,557,683	\$ 13,208,426	\$ 13,371,422	\$ 13,858,233	\$ 14,160,002
Licenses and permits	352,925	438,392	415,290	443,041	489,642	508,464	551,956	537,090	532,224	505,686
Fines, forfeits, and costs	214,759	184,930	197,134	207,449	214,466	174,803	160,663	160,971	164,235	123,668
Investment earnings	106,423	87,758	77,132	64,854	61,827	65,507	66,169	78,528	127,912	221,366
Intergovernmental revenues	975,819	1,051,703	1,373,704	1,045,847	1,109,459	1,144,325	1,188,745	1,544,721	1,383,575	1,417,834
Charges for services/fees	491,644	427,518	603,543	609,674	815,302	637,978	621,993	1,003,308	1,616,467	855,487
Contributions	2,500	607,500	77,500	112,500	135,000	97,500	25,000	17,500	187,500	70,000
Miscellaneous revenue/other	39,874	59,992	84,776	169,795	63,305	26,296	52,683	96,075	84,079	382,084
Total Revenue	12,171,711	13,785,760	13,964,448	14,301,593	15,884,471	15,222,556	15,875,635	16,809,615	17,954,225	17,736,127
Expenditures										
General government	2,135,166	2,417,608	1,826,099	2,113,083	2,050,430	2,894,498	2,598,576	2,620,252	2,540,134	2,759,063
Public Safety	5,645,437	6,082,453	6,376,953	6,459,639	6,427,841	6,861,716	6,734,362	6,972,856	7,342,668	7,436,719
Public Works - highways and streets	3,878,447	6,608,745	5,533,956	3,850,248	3,629,061	3,956,635	4,062,522	3,473,391	3,881,656	3,642,038
Other public works	173,608	210,480	175,895	111,845	157,169	119,957	158,856	169,304	160,502	188,487
Library	-	-	2,500	2,500	5,000	10,000	15,000	20,000	20,000	20,000
Culture and Recreation	1,188,772	1,238,088	1,350,480	1,541,347	1,632,447	1,576,331	1,685,624	1,699,538	1,867,439	1,708,523
Miscellaneous expenditures	115,885	12,527	11,047	6,500	20,537	10,137	23,287	9,259	10,750	72,741
Debt service:										
Principal	459,431	450,827	619,148	914,961	882,267	6,513,195	391,000	403,000	414,000	426,000
Interest and other charges	209,898	203,763	343,285	350,154	310,182	444,409	175,151	163,947	152,435	140,590
Issuance costs	-	37,795	-	-	-	37,072	-	-	-	-
Total expenditures	13,806,644	17,262,286	16,239,363	15,350,277	15,114,934	22,423,950	15,844,378	15,531,547	16,389,584	16,394,161
Excess of revenues over (under) expenditures	(1,634,933)	(3,476,526)	(2,274,915)	(1,048,684)	769,537	(7,201,394)	31,257	1,278,068	1,564,641	1,341,966
Other financing sources (uses)										
Transfers in	1,662,025	807,495	1,465,809	1,539,259	1,573,565	625,491	817,032	2,566,948	784,229	691,825
Transfers out	(1,662,025)	(807,495)	(1,465,809)	(1,539,259)	(1,573,565)	(625,491)	(817,032)	(2,566,948)	(784,229)	(691,825)
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	273,150	-	-	-	-	-	-	-	-	-
Sales of capital assets	3,600	13,209	7,514	36,000	6,652	82,500	2,132	9,668	10,375	1,507
Total other financing sources (uses)	276,750	3,285,788	1,748,320	368,632	6,652	6,725,500	2,132	9,668	10,375	1,507
Net change in fund balances	\$ (1,358,183)	\$ (190,738)	\$ (526,595)	\$ (680,052)	\$ 776,189	\$ (475,894)	\$ 33,389	\$ 1,287,736	\$ 1,575,016	\$ 1,343,473
Debt service as a percentage of noncapital expenditures	3.3%	2.6%	3.8%	6.0%	5.8%	29.0%	2.5%	2.6%	2.5%	2.6%

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



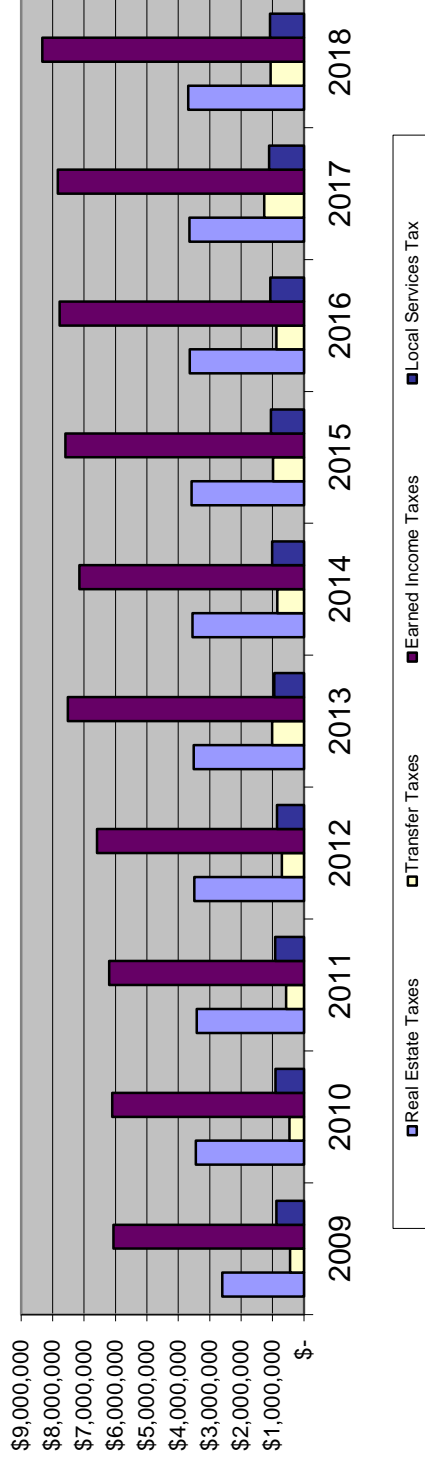
Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Earned Income Tax	Local Services Tax	Total
2009	2,601,082	441,286	6,264,503	878,489	\$ 10,185,360
% of total	25.54%	4.33%	61.50%	8.63%	100.00%
2010	3,451,584	462,798	5,999,465	910,778	\$ 10,824,625
% of total	31.89%	4.28%	55.42%	8.41%	100.00%
2011	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%	7.07%	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%	6.69%	57.62%	8.15%	100.00%
2017	3,629,892	1,267,050	7,820,461	1,113,231	\$ 13,830,634
% of total	26.25%	9.16%	56.54%	8.05%	100.00%
2018	3,672,897	1,064,295	8,386,598	1,085,346	\$ 14,209,136
% of total	25.85%	7.49%	59.02%	7.64%	100.00%

Notes:

Emergency Municipal Services Tax enacted on 1/1/2006 and further enacted by Act 7 of 2007 as Local Services Tax, effective 1/1/2008.

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

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



Fiscal Year	Real Estate		Real Estate		Earned Income		Local Services		Total		
	Taxes		Transfer Taxes		Taxes		Tax				
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	\$	10,927,967 ²
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
2017	\$	3,641,330	\$	1,267,050	\$	7,836,622		\$	1,113,231	\$	13,858,233
2018	\$	3,679,694	\$	1,064,295	\$	8,330,667		\$	1,085,346	\$	14,160,002

Notes:

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

² 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
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
2017	\$ 1,846,316,823	52.91%	\$ 3,489,538,795	2.00
2018	\$ 1,857,423,083	51.28%	\$ 3,621,975,012	2.00

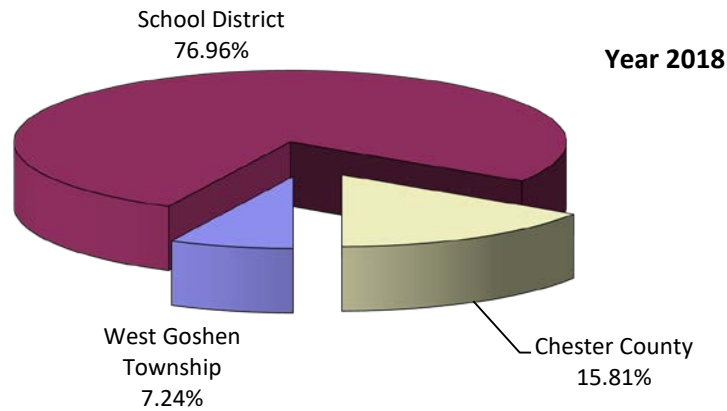
Notes:

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

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**



Fiscal Year	West Goshen Township	School District	Chester County	Total Millage
2009	1.500	17.8500	3.965	23.315
<i>Percent of total</i>	6.43%	76.56%	17.01%	100.00%
2010	2.000	18.3600	3.965	24.325
<i>Percent of total</i>	8.22%	75.48%	16.30%	100.00%
2011	2.0000	18.3600	3.9650	24.325
<i>Percent of total</i>	8.22%	75.48%	16.30%	100.00%
2012	2.0000	18.6700	3.9650	24.635
<i>Percent of total</i>	8.12%	75.79%	16.09%	100.00%
2013	2.0000	18.6700	4.1630	24.833
<i>Percent of total</i>	8.05%	75.18%	16.76%	100.00%
2014	2.0000	19.2100	4.1630	25.373
<i>Percent of total</i>	7.88%	75.71%	16.41%	100.00%
2015	2.0000	19.5779	4.1630	25.741
<i>Percent of total</i>	7.77%	76.06%	16.17%	100.00%
2016	2.0000	20.0982	4.1630	26.261
<i>Percent of total</i>	7.62%	76.53%	15.85%	100.00%
2017	2.0000	20.6841	4.3690	27.053
<i>Percent of total</i>	7.39%	76.46%	16.15%	100.00%
2018	2.0000	21.2723	4.3690	27.641
<i>Percent of total</i>	7.24%	76.96%	15.81%	100.00%

Note:

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

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

West Goshen Township
Principal Property Taxpayers
December 31, 2018

	2018				2017			
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
QVC Realty, Inc		\$ 29,719,480	1	1.64%	\$ 29,709,450	1	1.64%	
Pointe Apartments Owner LP		\$ 27,976,000	2	1.55%	\$ 26,900,000	2	1.49%	
BT West Chester LP		\$ 16,623,490	3	0.92%	\$ 16,623,490	3	0.92%	
Fern Hill LLC		\$ 15,803,370	4	0.87%	\$ 15,803,370	4	0.87%	
Lancaster Court Associates		\$ 15,602,000	5	0.86%	\$ 15,602,000	5	0.86%	
Home Properties Golf Club, LLC		\$ 14,780,750	6	0.82%	\$ 14,780,750	6	0.82%	
Capital Enterprises, Inc		\$ 14,633,390	7	0.81%	\$ 14,633,390	7	0.81%	
Goshen Terrace Apartments		\$ 14,198,300	8	0.78%	\$ 14,198,300	8	0.78%	
West Chester PA Senior Property LLC		\$ 12,054,570	9	0.67%				
Cephalon, Inc.		\$ 10,063,230	10	0.56%	\$ 9,411,460	9	0.52%	
Cambridge Apartments				0.00%	\$ 7,948,790	10	0.44%	
		\$ 171,454,580		9.47%	\$ 165,611,000		9.15%	

Note:

Total taxable assessed value, all real property in West Goshen Township, December 31, 2018, \$1,857,423,083.

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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount				
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%
2017	\$ 3,692,634	\$ 3,611,417	97.80%	\$ 29,913	\$ 3,641,330	98.61%
2018	\$ 3,714,846	\$ 3,636,273	97.88%	\$ 43,421	\$ 3,679,694	99.05%

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
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	23,037	\$ 1,810,323,903	\$ 5,849,000	\$ -	\$ 5,849,000	0.32%	\$ 254
2017	22,992	\$ 1,846,316,823	\$ 5,435,000	\$ -	\$ 5,435,000	0.29%	\$ 236
2018	23,142	\$ 1,857,423,083	\$ 5,009,000	\$ -	\$ 5,009,000	0.27%	\$ 216

Sources: US 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, 2018**

<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	\$ 5,009,000	100.00%	\$ 5,009,000
OVERLAPPING DEBT:			
County of Chester	\$ 584,849,708	4.94%	\$ 28,899,096
TOTAL			<u>\$ 33,908,096</u>

Note:

County of Chester data not yet available for 2018, amount reflects 2017 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, 2018

	Year Ended December 31,		
	2018	2017	2016
Total Revenues	\$ 25,840,930	\$ 30,242,261	\$ 26,829,817
Deduct excludable items under Section 8002[c](16) of the Act:			
Nonrecurring items:			
Grants and gifts in aid	726,375	694,075	664,881
Proceeds from general long-term debt	4,761	10,375	18,329
Total Revenues as Defined in Section 8002[c][16] of the Act	<u>\$ 25,109,794</u>	<u>\$ 29,537,811</u>	<u>\$ 26,146,607</u>
Total Revenues as Defined in Section 8002[c][16] of the Act for the year ended December 31, 2018			<u>\$ 80,794,212</u>
Borrowing Base - Arithmetic Average of Total Revenues			<u>\$ 26,931,404</u>
Debt Limit			250%
Debt Limitation			<u>\$ 67,328,510</u>

Note:

Calculation in accordance with the Commonwealth of Pennsylvania Local Government Unit Debt Act.

(amounts expressed in thousands)

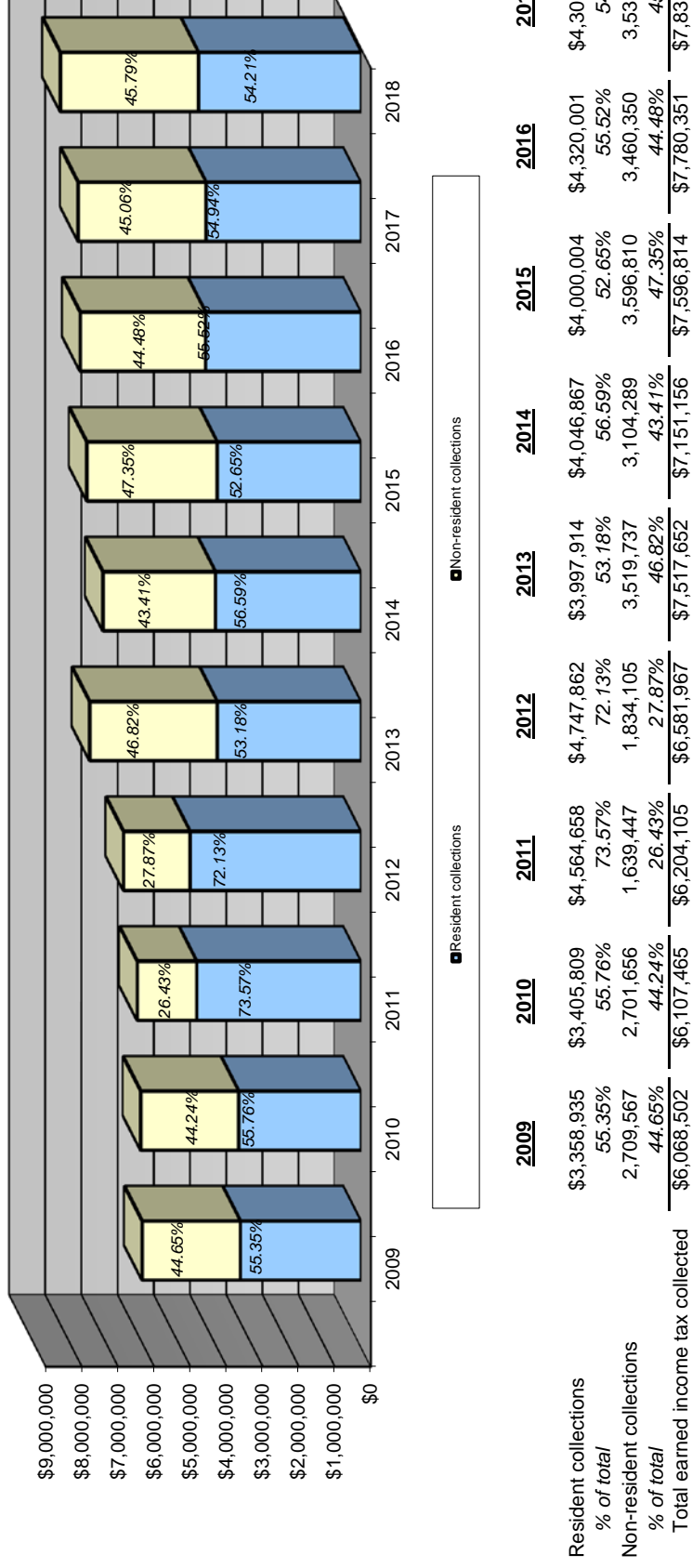
Total net debt applicable to the limit
as a percentage of debt limit

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 1,857,423
Add back: exempt real property	254,610
Total assessed value	<u>2,112,033</u>
Debt limit (10% of total assessed value)	211,203
Debt applicable to limit:	
General obligation bonds	5,009
Total net debt applicable to limit	<u>5,009</u>
Legal debt margin	<u>\$ 206,194</u>

Assessed value	\$ 1,752,551	\$ 1,750,818	\$ 1,750,414	\$ 1,750,960	\$ 1,766,650	\$ 1,782,309	\$ 1,806,120	\$ 1,810,324	\$ 1,846,317	\$ 1,857,423
Add back: exempt real property	244,720	244,978	248,297	249,966	253,627	249,435	249,996	250,935	260,184	254,610
Total assessed value	<u>\$ 1,997,271</u>	<u>\$ 1,995,796</u>	<u>\$ 1,998,711</u>	<u>\$ 2,000,926</u>	<u>\$ 2,020,277</u>	<u>\$ 2,031,744</u>	<u>\$ 2,056,116</u>	<u>\$ 2,061,259</u>	<u>\$ 2,106,501</u>	<u>\$ 2,112,033</u>
@ 10%	199,727	199,580	199,871	200,093	202,028	203,174	205,612	206,126	210,650	211,203

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



Notes:

The Earned Income Tax rate is levied at 1%.

Both the West Chester Area School District and West Goshen Township levy the tax; therefore the 1% is shared 50/50.

The School District may not levy earned income taxes on nonresidents - the full 1% is received by the Township.

Nonresidents liable for an earned income tax at their place of residence receive a credit against any nonresident levy in their place of employment.

Source:

West Goshen Township Finance Department, Berkheimer Administrators, and Keystone Collections.

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

DIRECT:

West Goshen Township									
Individuals					Employers				
# of Residents		Total		# of Empls	Closed/		Total Open	Average	
On file	Exempts	Exempts	Taxables		On file	Bankrupt		Employers	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 Empls	Closed/		Total Open	Average	
On file	Exempts	Exempts	Taxables		On file	Bankrupt		Employers	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, 2016, 2017, and 2018 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 Borough, West Goshen Township, East Goshen Township, East Bradford

Township, West Whiteland Township, Westtown Township, Thornbury Township (Chester and Delaware County).

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

Sources:

West Goshen Township Finance Department and Berkheimer Tax Administrators.

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

	2018			2017		
	Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
Taxpayer						
QVC Network, Inc.	2,179	1	10.1%	2,113	1	9.9%
United Parcel Service, Inc.	1,892	2	8.8%	1,672	2	7.8%
The ARC of Chester County	729	3	3.4%	640	6	3.0%
Chester County Court House	728	4	3.4%	732	3	3.4%
PA State System of Higher Education	657	5	3.0%	701	4	3.3%
West Chester School W Goshen	594	6	2.8%	648	5	3.0%
A. Duie Pyle, Inc.	586	7	2.7%	582	7	2.7%
Atlantic Coast Athletic Club	383	8	1.8%	385	8	1.8%
TEVA Branded Pharmaceutical	310	9	1.4%	301	9	1.4%
Johnson & Johnson Pharmaceutical	267	10	1.2%	294	10	1.4%
Total, 10 largest employers	8,325		38.5%	8,068		37.6%
Note: Total employment in West Goshen Township subject to Earned Income Tax	21,598			21,432		

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Code Enforcement										
Building permits	773	888	1,111	1,105	1,142	1,779	1,329	1,154	1,124	1,184
New construction	11	17	44	61	67	39	8	7	9	22
Additions and alterations	200	226	281	286	304	292	275	374	376	384
Subdivision plans	2	2	2	3	2	9	0	2	1	4
Lots approved	8	29	0	14	0	17	0	626	2	17
Zoning appeals	4	4	5	6	8	14	9	9	9	7
Land development	9	6	4	4	4	9	5	13	4	3
Police										
Physical arrests	1,065	972	1,401	1,647	2,685	1,356	1,073	882	825	1,069
Traffic violations	3,396	2,879	2,466	2,876	3,659	2,901	2,947	2,813	2,535	2,010
Parking violations	281	237	174	199	118	132	126	117	146	104
Alarm violations	883	946	913	870	878	833	894	828	811	712
Fire										
Number of calls answered	54	59	53	72	70	70	74	77	78	78
Inspections	340	449	895	564	498	461	427	409	401	327
Highways and streets										
Street resurfacing (miles)	5.19	5.02	5.6	5.77	5.42	5.24	5.29	5.62	5.79	4.99
Culture and Recreation										
Summer recreation program registrations	270	303	291	308	294	329	360	368	360	401
Summer sports clinic registrations	89	70	54	63	33	54	49	36	43	41
Park/pavilion permits issued	81	77	88	85	84	89	84	84	86	75

Note:

Indicators are not available for the general government function.

Source: Various township departments.

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Building	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Building	0	0	0	1	1	1	1	1	1	1
Streets (miles)	87.56	87.56	87.56	87.56	87.96	88.47	88.64	88.85	88.85	89.06
Bridges	2	2	2	2	3	3	3	3	3	3
Traffic Signals	28	29	29	30	30	30	31	31	31	31
Culture and recreation										
Building	1	1	1	1	1	1	1	1	1	1
Parks acreage	112.7	112.7	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
Parks	13	13	12	12	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	3	3	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

Note:

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

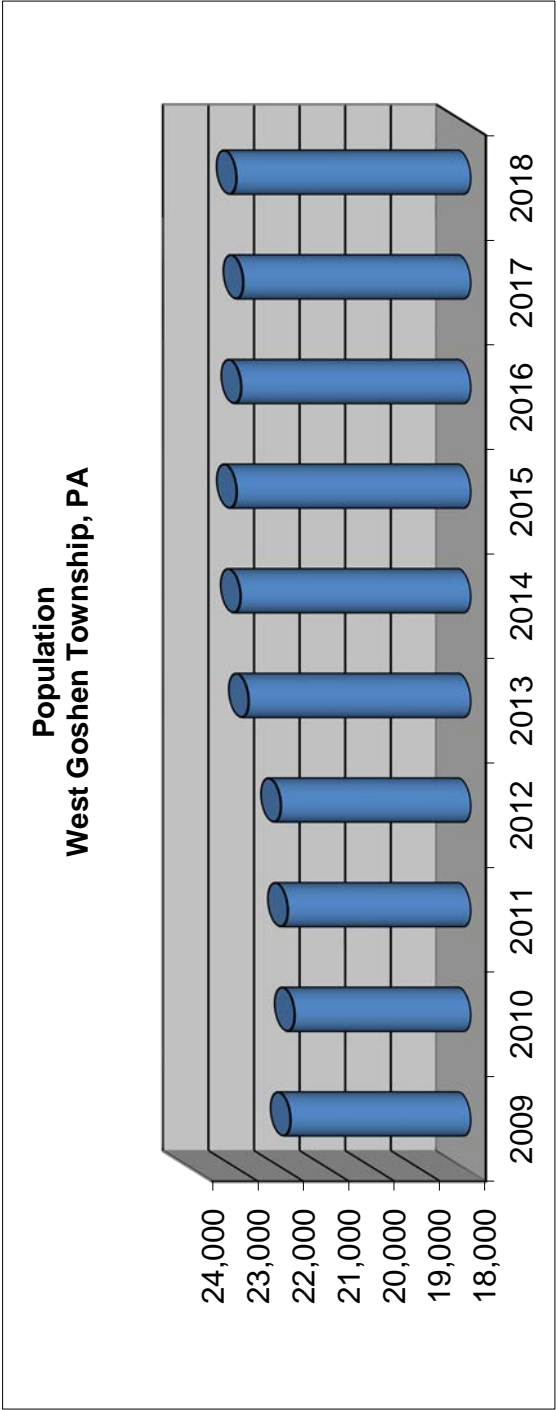
Source: Various township departments.

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	15	13	13	12	13	15	16	15	14	14
Public Safety										
Officers	29	29	28	28	27	26	29	29	29	29
Dispatchers	2	2	2	2	2	2	2	2	2	3
Administration	2	2	2	2	2	2	2	3	3	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	13	13	14	16	16	16	17	17	17	17
Culture and recreation	11	11	12	12	12	12	12	12	12	12
Sewer	16	16	16	16	17	18	16	17	15	16
Total	91	89	90	91	92	94	97	98	95	97

**West Goshen Township
Population Statistics
Last Ten Fiscal Years**

Population statistics - West Goshen Township, PA

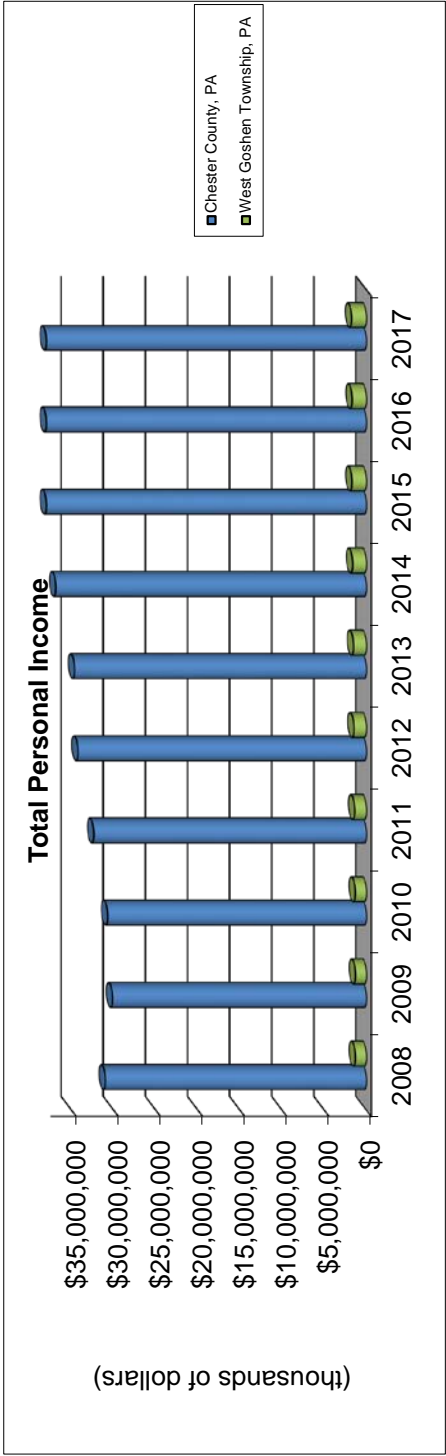


Population	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
West Goshen Township, PA	21,956	21,866	22,016	22,166	22,873	23,050	23,137	23,037	22,992	23,142
Over-the-year change	3.7%	-0.4%	0.7%	0.7%	3.2%	0.8%	0.4%	-0.4%	-0.2%	0.7%
Chester County, PA	498,894	498,886	503,897	506,190	509,500	512,784	515,939	516,312	519,293	522,046

Source: US Census Bureau.

**West Goshen Township
Total Personal Income
Last Ten Fiscal Years**

Total personal income - Chester County, PA



Total Personal Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Chester County, PA	\$30,993,660	\$30,140,102	\$30,722,298	\$32,372,378	\$34,238,489	\$34,645,834	\$36,880,874	\$38,759,651	\$38,526,801	\$40,226,989
West Goshen Township, PA	\$1,336,178	\$1,326,446	\$1,346,548	\$1,414,397	\$1,499,299	\$1,555,357	\$1,657,821	\$1,738,155	\$1,719,003	\$1,781,073
	-0.3%	-2.8%	1.9%	5.4%	5.8%	1.2%	6.5%	5.1%	-0.6%	4.4%

Notes:

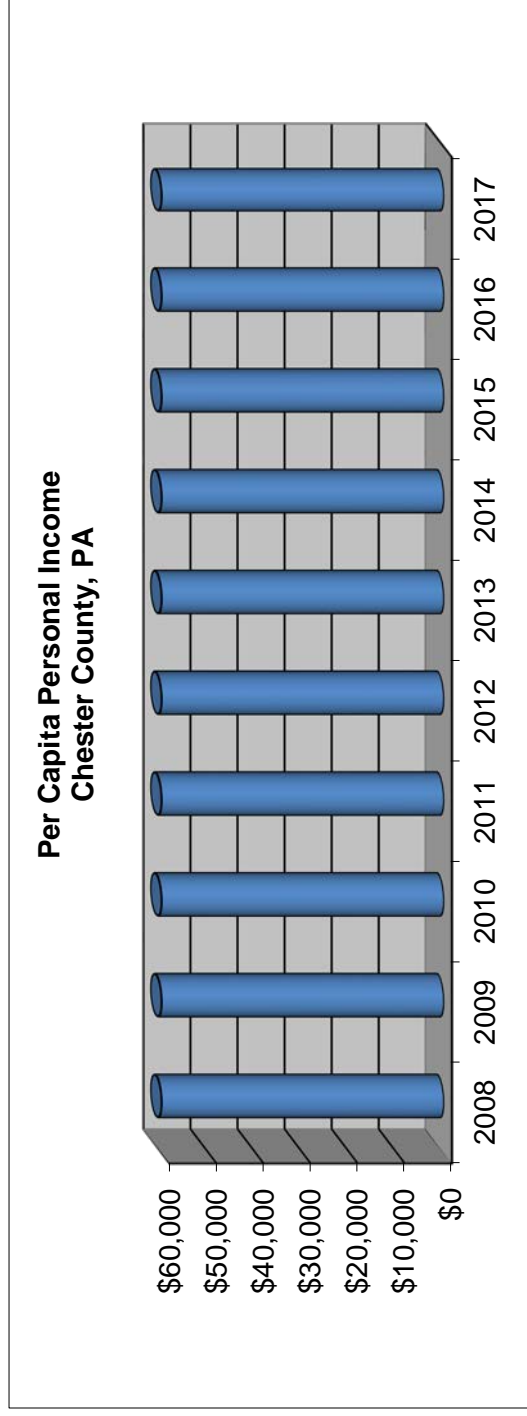
¹ Total personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. Township data is estimated.

² 2018 Data not available at time of report generation.

Source: Bureau of Economic Analysis Local Area Personal Income estimates.

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

Per capita personal income - Chester County, PA



Per Capita Personal Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Chester County, PA	\$63,063	\$60,731	\$61,454	\$64,307	\$67,627	\$68,015	\$71,912	\$75,228	\$74,594	\$77,465
Over-the-year change	-1.3%	-3.7%	1.2%	4.6%	5.2%	0.6%	5.7%	4.6%	-0.8%	3.8%

Notes:

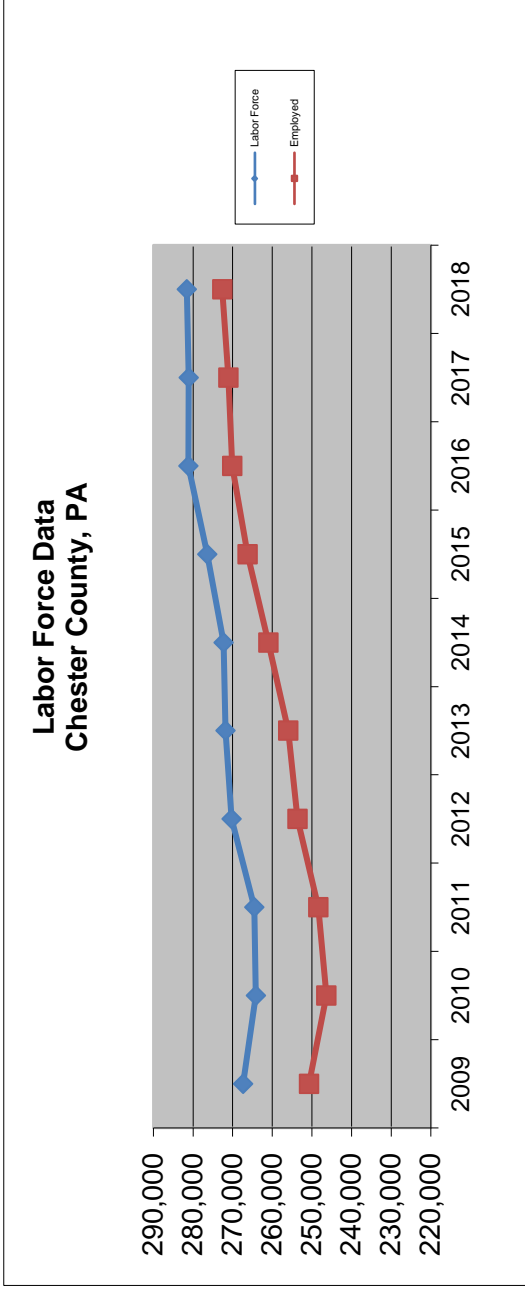
¹ Per capita personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate.

² 2018 Data not available at time of report generation.

Source: Bureau of Economic Analysis Local Area Personal Income estimates.

West Goshen Township
Labor Force Data
Last Ten Fiscal Years

Labor Force Data - Chester County, PA



Chester County, PA	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Labor Force	267,405	264,170	264,539	270,301	271,793	272,270	276,442	281,139	281,136	281,572
Employed	250,710	246,343	248,392	253,616	256,009	261,025	266,244	270,147	271,053	272,641
Unemployment Rate	6.2%	6.7%	6.1%	6.2%	5.8%	4.1%	3.7%	3.7%	3.6%	3.2%
Pennsylvania Rate	8.0%	8.7%	7.9%	7.9%	7.4%	5.8%	5.1%	5.4%	4.9%	4.3%
US Rate	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

Notes:

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, 2018

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 20, 2019

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, 2018, 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 20, 2019.

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.

Board of Supervisors
West Goshen Township

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.

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