

WEST GOSHEN TOWNSHIP
Chester County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2006

Prepared by:
Finance Department

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WEST GOSHEN TOWNSHIP
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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Transmittal Letter

GFOA Certificate of Achievement for
Excellence in Financial Reporting

Organizational Chart

Elected and Appointed Township Officials

Map

INTRODUCTORY SECTION

Intro

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DR. ROBERT S. WHITE, *Chairman*
PATRICIA B. MCILVAINE, *Vice Chairman*
EDWARD G. MEAKIM, JR., *Member*

Board of Supervisors

CASEY LALONDE, *Township Manager*

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twp@westgoshen.org
www.westgoshen.org

July 16, 2007

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

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) of West Goshen Township ("the Township"), Chester County, Pennsylvania, for the fiscal year ended December 31, 2006. The financial statements contained within the report are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and Government Auditing Standards by a firm of licensed certified public accountants.

The Township's Finance Department prepared this report. Responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the Department's staff. This responsibility is derived from a comprehensive framework of internal controls designed to protect the Township's assets from loss, theft, or misuse, and to provide sufficient reliable information from which the Township's financial statements may be compiled in conformity with GAAP. The control structure is intended to provide reasonable, but not absolute, assurance that these objectives are met.

I assert that the data contained within this report is accurate in all material respects. To the best of my knowledge, the information presented in this report is a fair and accurate portrayal of the financial position and result of operations of the Township as of December 31, 2006. I believe the report contains all disclosures necessary for its readers to gain the maximum understanding of the Township's financial affairs.

Barbacane Thornton & Company, a firm of licensed certified public accountants, audits the Township's financial statements, and has issued an unqualified opinion on West Goshen Township's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the Financial Section of this report.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A is designed to complement this letter of transmittal and should be read in conjunction with it. West Goshen Township's MD&A can be found in the Financial Section immediately following the independent auditors' report.

REPORT FORMAT

This report is organized into three broad sections:

- **Introductory Section.** This section includes this letter of transmittal; the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting; the Township's organizational chart; and a list of elected and appointed Township officials.

- **Financial Section.** This section includes the independent auditors' report; management's discussion and analysis; basic financial statements with notes and required supplementary information; and the financial statements of individual funds.
- **Statistical Section.** This section includes historical financial and general information in order to provide a context within which to understand the Township's financial statements.

PROFILE OF WEST GOSHEN TOWNSHIP

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

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

By 1950, the Township had been transformed from a farming community to a suburban neighborhood. The Township experienced its most explosive growth during the 1960s and 1970s, and today it can boast a balanced mix of residential, business, office, retail, and industrial uses. The Township occupies 12 square miles and serves a population of 20,495 (2000 Census).

Township Government

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

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

Reporting Structure

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

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

Budgetary Control

The Board of Supervisors adopts annual budgets for the general, enterprise, and capital projects funds. Budgets are appropriated by fund, function, department, and object, and budgetary control is generally maintained at the department level. All annual appropriations lapse at year-end. The Township's fiscal year begins on January 1st and ends on December 31st. The annual budget process officially begins in September of each year when individual departments submit preliminary requests for funding. The Board of Supervisors formally adopts proposed annual budgets in November and final annual budgets in December each year.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

West Goshen Township continues to experience population growth, although at a slightly slower pace than in previous years. Population estimates project a 3.3% increase between 2000 and 2006. Only nominal growth is anticipated as the Township becomes fully developed. Chester County per capita personal income ranks second in the state, and is approximately 50% higher than both state and national averages. Although only county-level per capita personal income and total personal income data was available for this report, the Township's historical earned income tax revenues corroborate the county trend. County-level labor force data is also provided as a gauge for the local economy. Chester County has consistently reported the lowest unemployment rate in the surrounding five-county area and lower unemployment rates than state and national averages. In fact, unemployment rates are at the lowest levels since 2001. West Goshen Township is the second largest municipality in Chester County, so it is not unreasonable to assume that its labor force experience is similar to that of the larger economy.

Economic growth has been moderate but whether this growth can sustain itself over time remains to be seen. The federal funds rate increased 75 basis points during 2006, and as of this date, has been stable for more than a year. Inflationary pressure has been somewhat elevated, but is expected to moderate over time. Housing demand has waned since mid-2006, and home price appreciation has slowed. Chester County is presently experiencing a "buyer's market" condition. However, mortgage rates, although slightly higher than their historical lows, are still attractive. And Money Magazine recently ranked West Goshen twelfth on their 2007 list of Best Places to Live. Short-term interest rates have been stable. The Township's interest earnings and tax revenues reflect this favorable economic climate. On the spending side of the Township's operating budget, costs for services and employment-related costs continue to dominate budget concerns. Employee insurance premiums, in particular, have become a focal point during the budget process and throughout the year. Higher-than-average renewal increases have forced Township management to investigate alternative coverage arrangements and cost-sharing techniques in order to maintain adequate protection for its employees. The Township also anticipates some residual effects of the Iraq War and recent catastrophic weather events in the form of higher costs for materials, gasoline, and utilities. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2006 is included as part of MD&A.

Long-Term Financial Planning

The Township has consistently generated revenues in excess of budgeted figures and contained expenditures below budgeted amounts year after year, even in the face of struggling national and local economies, and as a result, the Township maintains healthy fund balances. Management accomplishes this by regularly evaluating its revenue-generating strategy and by developing and maintaining a multi-year capital purchase plan. The Board of Supervisors authorized a property tax increase for 2004 as a means of stabilizing revenues in a poor economic climate, and there has been no need to amend the rate since. The Board also authorized the establishment of a combined Emergency and Municipal Services Tax (EMS tax) of \$52 per year effective January 1, 2006. EMS tax revenue is important to the fiscal health of West Goshen. The tax affects only individuals employed within the Township, not residents, and it subsidizes a substantial portion of the

annual road-resurfacing program. Although the revenue from this tax for 2006 fell short of the original estimate, it allowed the Township to dedicate significant resources to some of its most important infrastructure. Well-maintained roadways improve the West Goshen experience for everyone who lives, works, and travels in our community.

Major Initiatives

The Board of Supervisors and Township administrators remain committed to providing value to taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. The Township will continue to designate EMS tax revenue for its annual road-resurfacing program. The Township contains more than 70 miles of roads, and the need for more investment in that infrastructure has always existed. Even as the administration trims discretionary spending, it recognizes that some services require additional resources, and it is our duty to address those needs.

Sharon Lynn, former Township Manager, resigned her position in April of this year. She served the Township in that capacity for more than 10 years and participated in numerous significant Township endeavors, not the least of which was the design and construction of the municipal complex that houses most of the Township's operations today. Her replacement, Casey LaLonde, was appointed to the position in May, and his influence in this area has yet to be realized.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards Certificates of Achievement for Excellence in Financial Reporting to governments that have met the challenge of preparing high quality CAFRs. This prestigious acknowledgement is a testament to a government's financial management. West Goshen Township has received the Certificate of Achievement for its comprehensive annual financial report for four consecutive years. A Certificate of Achievement is valid for a period of one year only. I believe that this CAFR for the fiscal year ended December 31, 2006 continues to meet the GFOA's requirements for the Certificate of Achievement Program, and I am submitting it to the GFOA to determine its eligibility for another Certificate.

West Goshen Township is also a past recipient of the GFOA's Distinguished Budget Presentation Award. In order to qualify for the Award, a budget document must fulfill several criteria in order to be judged a satisfactory policy document, financial plan, operations guide, and communication device.

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

Respectfully submitted,



Jeanne M. Denham
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Goshen Township Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

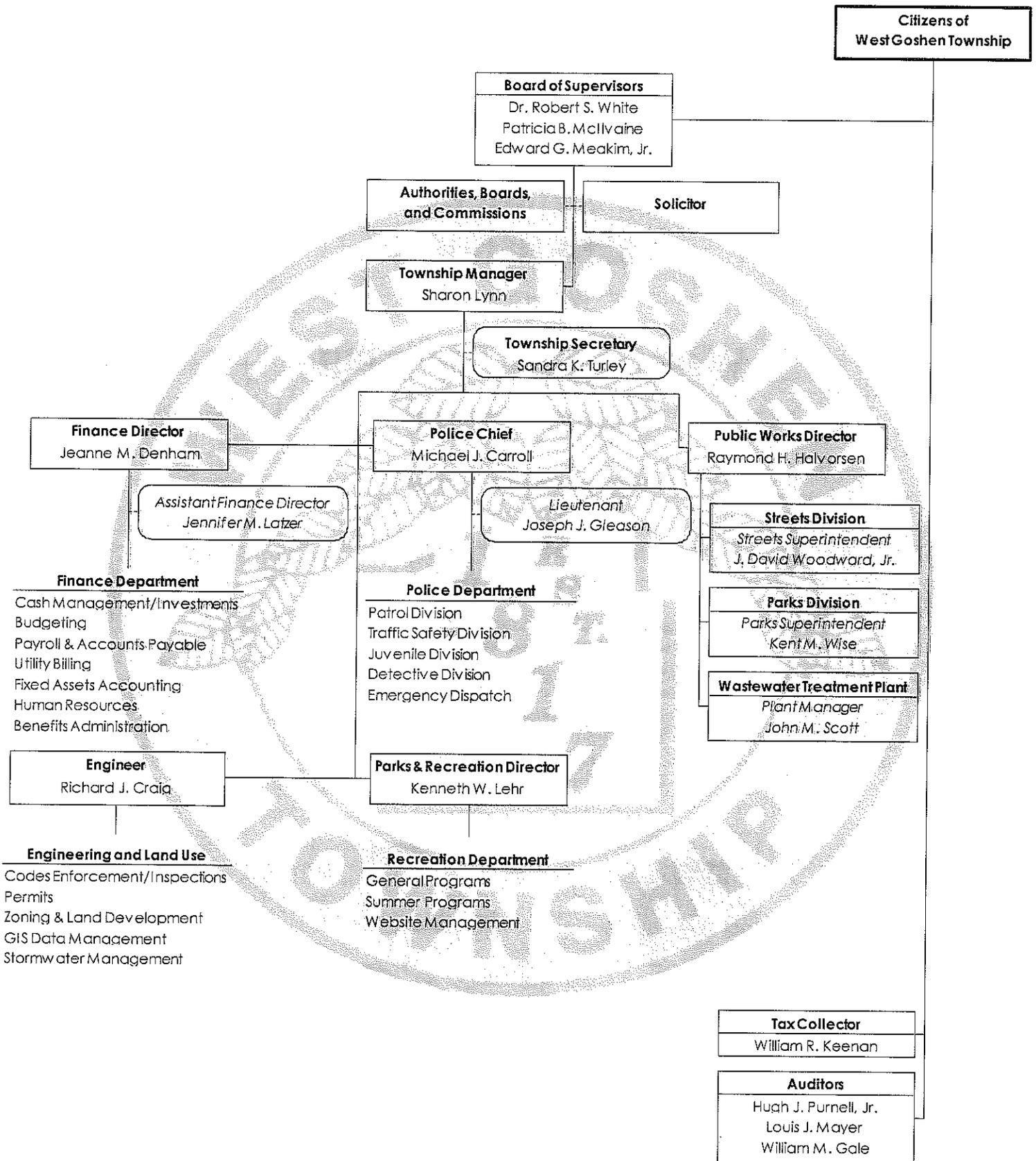
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ORGANIZATION OF WEST GOSHEN TOWNSHIP AT 12/31/2006



WEST GOSHEN TOWNSHIP
Elected and Appointed Officials
December 31, 2006

ELECTED OFFICIALS

BOARD OF SUPERVISORS
Chairman
Vice Chairman
Member

Dr. Robert S. White
Patricia B. Malvaine
Edward G. Meakim, Jr.

TAX COLLECTOR

William R. Keenan

AUDITORS
Chairman
Secretary
Member

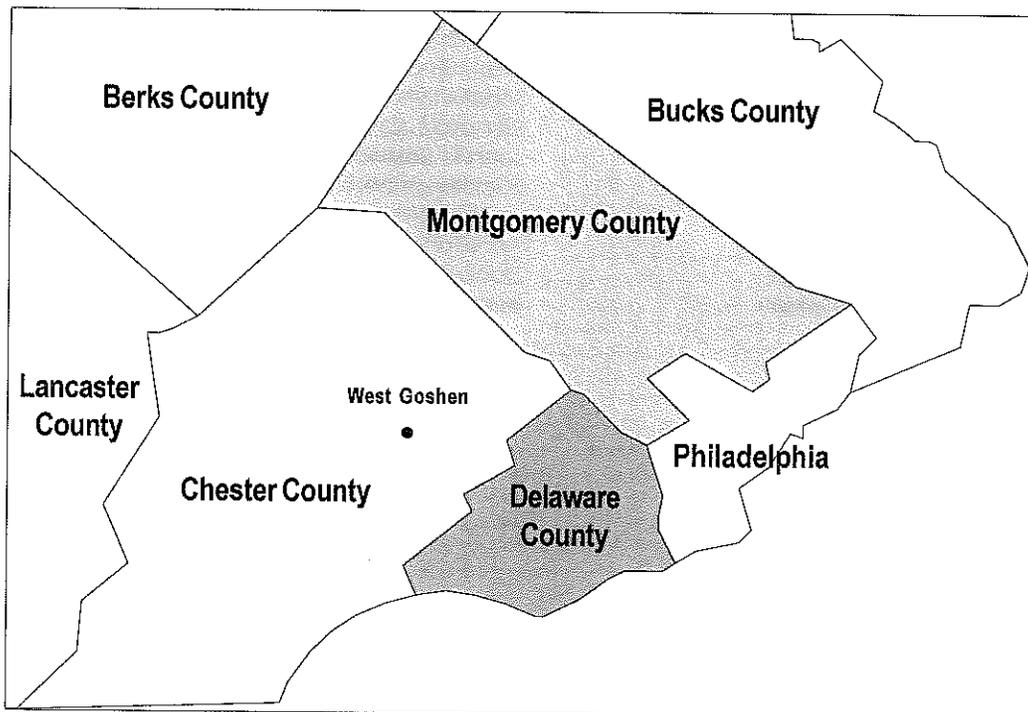
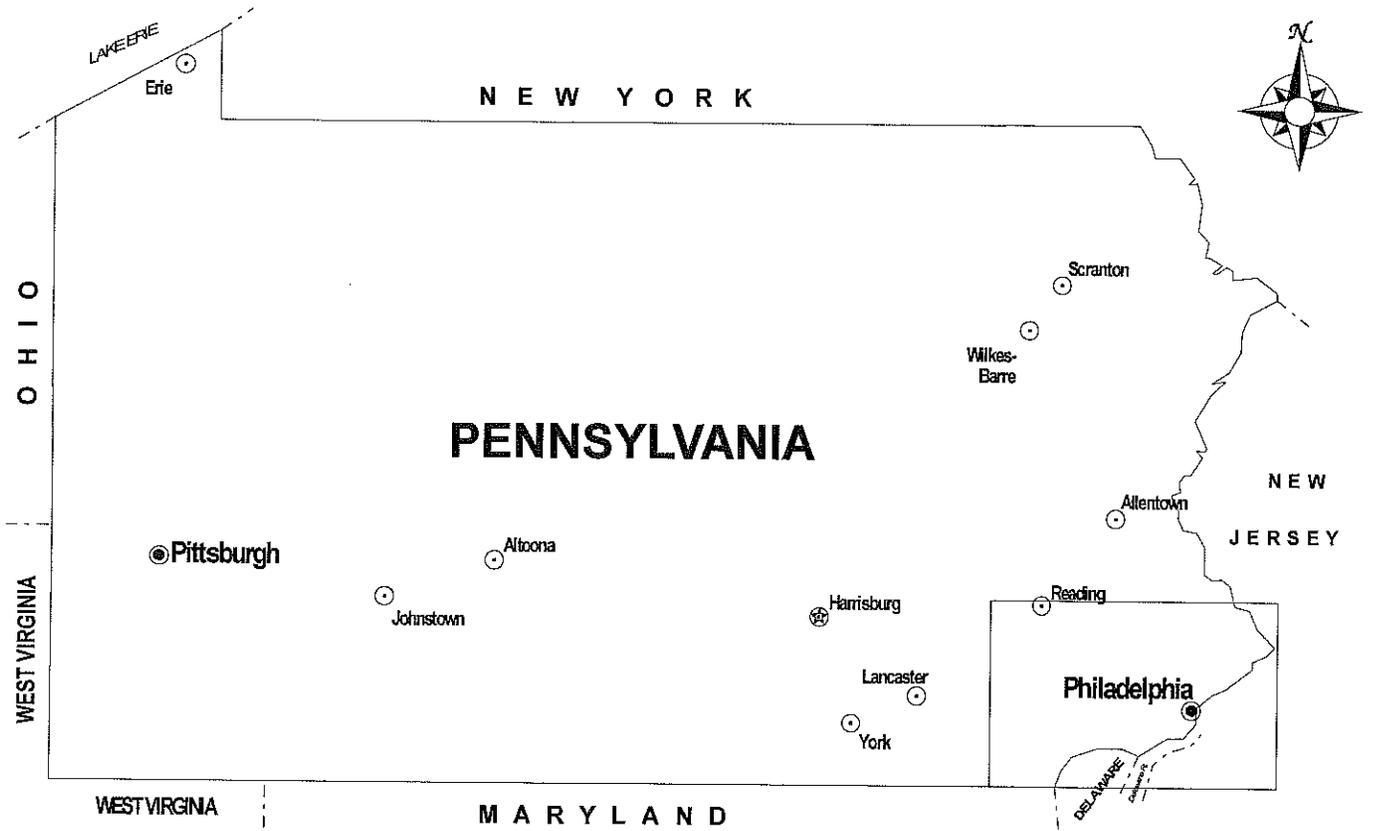
Hugh J. Purnell, Jr.
Louis J. Mayer
William M. Gale

APPOINTED OFFICIALS

Township Manager
Township Secretary
Finance Director/Treasurer
Assistant Finance Director
Assistant Treasurer
Chief of Police
Township Engineer
Streets Superintendent
Building/Code Official
Building/Code Official
Zoning Officer
Assistant Zoning Officer
Deputy Zoning Officer
Deputy Zoning Officer
Deputy Zoning Officer
Township Solicitor

Sharon Lynn
Sandra K. Turley
Jeanne M. Denham
Jennifer M. Latzer
Cynthia L. Haldeman
Michael J. Carroll
Richard J. Craig
J. David Woodward, Jr.
John R. Beswick, Jr.
Edward M. Hunger
Raymond D. McKeeman
Diane E. Clayton
Sharon Lynn
Richard J. Craig
John R. Beswick, Jr.
Buckley, Brion, McGuire, Morris &
Sommer
Andrea R. Testa
Donald A. Loane
Barbacane Thornton & Company

Fire Marshal
Assistant Fire Marshal
Independent Auditor



Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining and Individual Fund Financial Statements

FINANCIAL SECTION

Financial

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Dover, Delaware
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INDEPENDENT AUDITORS' REPORT

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info@btcpa.com

May 4, 2007

Board of Supervisors
West Goshen Township
West Chester, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Chester, Pennsylvania, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Goshen Township, West Goshen, Pennsylvania's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Township's 2005 financial statements and, in our report dated March 9, 2006, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Goshen, Pennsylvania, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2007 on our consideration of West Goshen Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors
West Goshen Township

The Management's Discussion and Analysis on pages 11 - 25 and pension funds' schedule of funding progress on page 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Goshen Township, West Chester, Pennsylvania's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Barbacane, Thornton & Company
BARBACANE, THORNTON & COMPANY

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis of the Township of West Goshen, Pennsylvania provides an overview of the Township's financial performance for the year ended December 31, 2006. Please read it in conjunction with the Township's financial statements, which begin on page 26.

FINANCIAL HIGHLIGHTS

- The assets of West Goshen Township exceeded its liabilities at the close of the most recent fiscal year by \$73,415,080 (representing its net assets). Of this amount, \$14,959,446 (or its unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$3,337,956.
- As of December 31, 2006, the Township's governmental funds reported combined ending fund balances of \$12,667,170, an increase of \$1,727,831 as compared to the prior year. Approximately 61 percent of this total, or \$7,701,901, is available for spending at the Township's discretion (*unreserved fund balance*).
- The Township's total debt decreased by \$1,162,910.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 26 and 27) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 29. For governmental activities, these statements explain how services were financed in the short term as well as what remains for future spending. The governmental and proprietary fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township as a Whole

Statement of Net Assets and the Statement of Activities

The analysis of the Township as a whole begins on pages 26 and 27 with the Statement of Net Assets and the Statement of Activities.

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

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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

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

- **Governmental activities** – Most of the Township's basic services are reported here, including the police, fire, general administration, public works, parks and recreation. Earned income taxes, emergency municipal services taxes, property taxes, intergovernmental revenues and franchise fees finance most of these activities.
- **Business-type activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer and waste and recycling activities are reported here. The Township also includes a separate legal entity in its report – the West Goshen Sewer Authority. The Sewer Authority is a public authority, which exists to provide facilities for use in the sewer operation of the Township Sewer Fund. The Sewer Authority is considered a blended component unit and is included with the business-type activities. Although legally separate, the Sewer Authority is important because the Township is financially accountable for it and, therefore, it has been included as an integral part of the primary government. The Authority is audited by Barbacane, Thornton & Company, whose report dated May 9, 2007 is publicly available through the offices of West Goshen Township.

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Governmental funds. Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in reconciliations which follow the fund financial statements.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

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

THE TOWNSHIP AS A WHOLE

Entity-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of West Goshen Township, assets exceeded liabilities by \$73,415,080 at the close of 2006. This is an increase of \$3,337,956 from the previous year. Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Township's governmental and business-type activities.

Table 1
WEST GOSHEN TOWNSHIP'S NET ASSETS
December 31, 2006

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 15,286,117	\$ 13,395,010	\$ 14,971,150	\$ 14,960,150	\$ 30,257,267	\$ 28,355,160
Capital assets	35,484,458	35,297,826	22,606,911	22,414,659	58,091,369	57,712,485
Total Assets	\$ 50,770,575	\$ 48,692,836	\$ 37,578,061	\$ 37,374,809	\$ 88,348,636	\$ 86,067,645
Long-term liabilities outstanding	\$ 5,372,705	\$ 5,857,698	\$ 7,638,858	\$ 8,420,837	\$ 13,011,563	\$ 14,278,535
Other liabilities	804,668	715,234	1,117,325	996,752	1,921,993	1,711,986
Total Liabilities	6,177,373	6,572,932	8,756,183	9,417,589	14,933,556	15,990,521
Net Assets:						
Invested in capital assets, net of related debt	29,867,442	29,291,900	14,385,285	13,432,273	44,252,727	42,724,173
Restricted	4,914,618	5,206,353	9,288,289	9,151,259	14,202,907	14,357,612
Unrestricted	9,811,142	7,621,651	5,148,304	5,373,688	14,959,446	12,995,339
Total Net Assets	44,593,202	42,119,904	28,821,878	27,957,220	73,415,080	70,077,124
Total Liabilities and Net Assets	\$ 50,770,575	\$ 48,692,836	\$ 37,578,061	\$ 37,374,809	\$ 88,348,636	\$ 86,067,645

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

The largest portion of the Township's net assets, \$44,252,727 (or 61 percent) reflects its investment in capital assets (land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The majority of the outstanding debt of the Township was incurred for the construction of the Township's Municipal Complex and the significant upgrade to the Sewer Wastewater Treatment Plant. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Township's net assets, \$14,202,907 (or 19 percent), represents resources that are subject to external restrictions on how they may be used. This compares with last year's total restricted net assets of \$14,357,612. This decrease is due primarily to transfers from the General Fund to offset debt service payments.

The remaining balance of unrestricted net assets, \$14,959,446 (or 20 percent), may be used to meet the Township's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$12,995,339.

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

Governmental Activities

The net increase from the Township's governmental activities was \$2,473,298, which accounts for 74 percent of the total growth in net assets of the Township. The increase of \$2,473,298 in net assets is \$1,428,929 more than the previous year increase of \$1,044,369 and is explained on pages 15 and 16. Table 2 shows the changes in net assets for the year ended December 31, 2006.

The cost of all governmental activities this year was \$11,616,184. As shown in the Statement of Activities on page 27, the amount that the Township's taxpayers ultimately financed for these activities through Township taxes was \$9,524,255. Other costs were paid by those who directly benefited from the programs (\$788,228) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$1,303,701).

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Table 2
WEST GOSHEN TOWNSHIP'S CHANGES IN NET ASSETS
For the Year Ended December 31, 2006

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
REVENUES:						
Program revenues:						
Charges for services	\$ 788,228	\$ 606,347	\$ 5,112,454	\$ 4,673,567	\$ 5,900,682	\$ 5,279,914
Operating grants and contributions	900,305	851,335	134,571	108,451	1,034,876	959,786
Capital grants and contributions	403,396	187,413	245,954	424,427	649,350	611,840
General revenues:						
Earned income taxes	6,708,791	5,632,133	-	-	6,708,791	5,632,133
Emergency municipal services taxes	942,371	-	-	-	942,371	-
Property taxes	2,554,040	2,523,930	-	-	2,554,040	2,523,930
Real estate transfer taxes	783,750	744,094	-	-	783,750	744,094
Franchise taxes	283,398	260,776	-	-	283,398	260,776
Grants and contributions not restricted to specific programs	18,225	17,538	-	-	18,225	17,538
Other	706,978	401,416	717,593	384,177	1,424,571	785,593
TOTAL REVENUES	14,089,482	11,224,982	6,210,572	5,590,622	20,300,054	16,815,604
EXPENSES:						
General government	1,786,077	1,645,510	-	-	1,786,077	1,645,510
Public safety	4,875,689	4,880,795	-	-	4,875,689	4,880,795
Highways and streets	3,564,444	2,293,828	-	-	3,564,444	2,293,828
Other public works	128,088	114,056	-	-	128,088	114,056
Library	2,500	5,000	-	-	2,500	5,000
Culture and recreation	974,352	944,821	-	-	974,352	944,821
Interest expense	285,034	296,603	-	-	285,034	296,603
Sewer operations	-	-	3,832,230	3,629,272	3,832,230	3,629,272
Waste and recycling	-	-	1,513,684	1,384,567	1,513,684	1,384,567
TOTAL EXPENSES	11,616,184	10,180,613	5,345,914	5,013,839	16,962,098	15,194,452
INCREASE IN NET ASSETS	2,473,298	1,044,369	864,658	576,783	3,337,956	1,621,152
NET ASSETS, BEGINNING OF YEAR	42,119,904	41,075,535	27,957,220	27,380,437	70,077,124	68,455,972
NET ASSETS, END OF YEAR	\$44,593,204	\$42,119,904	\$ 28,821,878	\$ 27,957,220	\$ 73,415,080	\$70,077,124

As indicated by governmental program expenses, public safety programs account for approximately 42 percent of the total expenditures of the Township's governmental activities. General administration and highways and streets services account for approximately 15 percent and 31 percent, respectively, of the total expenditures for 2006.

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

- Increases in employee wages increased approximately three percent resulting from negotiated and general wage increases.
- Employee benefit costs rose by approximately 13.1 percent.
- An additional two miles of road resurfacing were added to the 2006 resurfacing program.

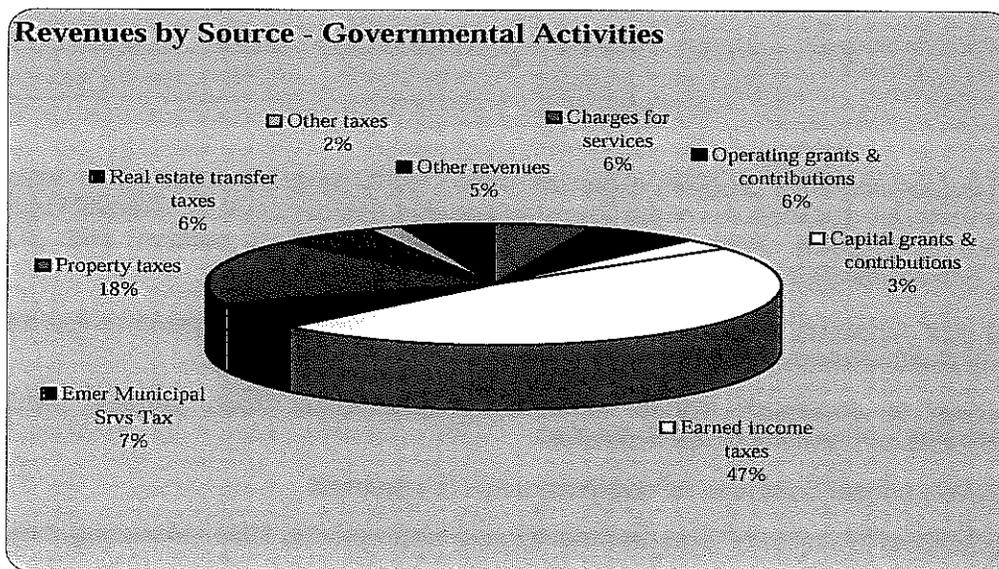
WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Real estate taxes, earned income taxes and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities. Revenues generated from the emergency services tax, newly 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 48 percent of total revenues (59 percent in the prior year). Property taxes and real estate transfer taxes provide approximately 18 percent and six percent, respectively, of total revenues (22 percent and seven percent in the prior year). The emergency services tax accounted for approximately seven percent of total revenues. The Township relies on these taxes to furnish the quality of life to citizens and businesses to which the Board of Supervisors has always been committed.

Major revenue factors included:

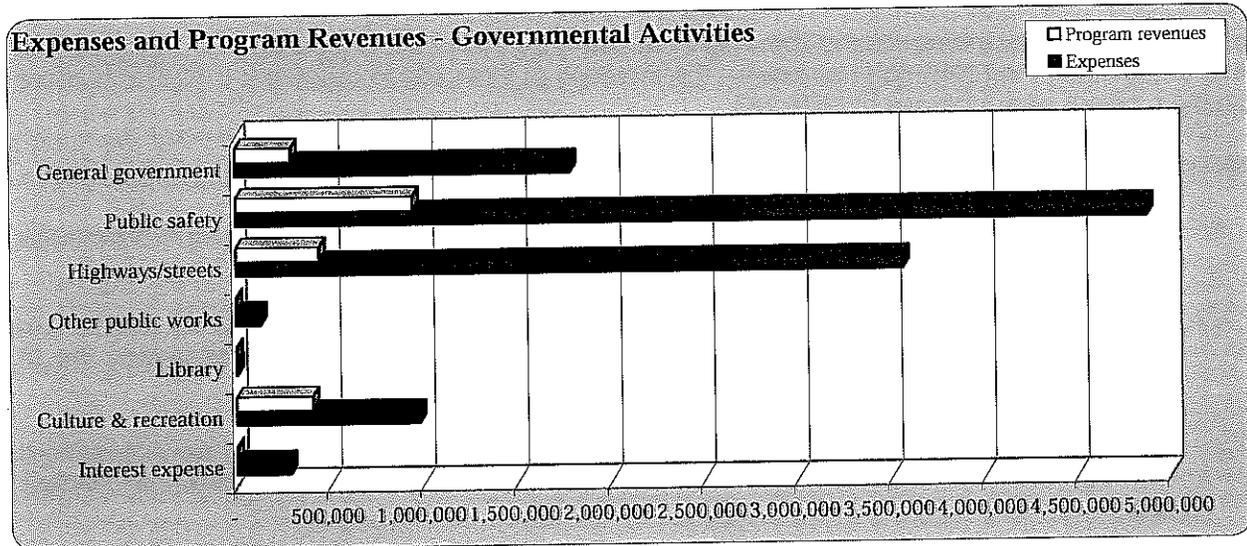
- Revenue from operating grants and contributions increased by \$48,970, or 5.8 percent due to the Commonwealth allocation increases for Act 205 Volunteer Fire Relief Association, Act 655 Liquid Fuels, and Municipal Pension contributions.
- Earned income tax revenue increased by \$1,076,658, or 19.1 percent, for the year ended 2006 as labor market conditions improved over the previous year. In addition, large tax withholdings in 2006 due to stock option payouts of corporate nonresident incomes are one-time occurrences and not expected to be repeated in 2007.
- Governmental investment earnings increased from \$360,705 in the prior year to \$627,618 for 2006. The year 2006 experienced a steady rise in short-term interest rates.
- Capital grants and contributions increased from the prior year by approximately \$215,983. Noncash contributions of \$178,396 for land improvements and infrastructure and a cash grant award of \$225,000 for West Goshen Township's newly constructed Pottstown Pike Park benefited the year 2006 whereas noncash contributions of \$139,285 for infrastructure and \$49,128 in grant monies for the Township's Comprehensive Plan Update were received in 2005.



WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Program revenues support 18 percent of activity expenses. The following graph shows how program revenues supported activity expenses.



Business-type Activities

The West Goshen Township sewer system was constructed by the West Goshen Sewer Authority at the request of the Township's Board of Supervisors. The Sewer Authority retains ownership of the system and leases it to the Township, which is responsible for its operation, maintenance and repair. Sewer expenditures, which total \$3,832,230 for 2006 (as compared to \$3,629,272 for the prior year), include "Rent to Sewer Authority" of \$1,188,743 for 2006 (as compared to \$1,122,014 for the prior year) for payment of the Sewer Authority's bond expense. This amount has been eliminated in the proprietary fund financial statements as well as in the statement of activities. See Note 3 to the financial statements. The Board of Supervisors establishes and collects sewer rental fees from users of the system. Both the Authority and the Township have written agreements with East Goshen Township, Westtown Township, West Whiteland Township and Thornbury Township to accept flows from these municipalities into the West Goshen system. The contracting of surplus capacity benefits the residents and business owners of West Goshen Township by distributing the fixed costs among a greater number of users, thereby lowering the costs of treatment. The revenues generated from these agreements for the year 2006 were \$1,530,088 as compared to \$1,236,280 for the prior year. Sewer Fund fees charged to residents and businesses did not increase for the year 2006.

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 current rate was designed to cover the 65 percent increase contained in the five-year contract with the private waste and recycling contractor. Due to sufficient fund reserves, in October 2005 the Township signed a two-year option agreement with the contractor to extend the contract while maintaining the current fees

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

charged to residents. Therefore, net revenues in this department will decrease over the next year. The Commonwealth of Pennsylvania also subsidizes the recycling program with a Performance Grant. The grant amount for 2006 was \$58,685 as compared to \$48,260 for the prior year.

Business-type activities increased the Township's net assets by \$864,658, accounting for 26 percent of the total growth in the Township's net assets. The increase of \$864,658 in net assets is \$287,875 more than the previous year increase of \$576,783.

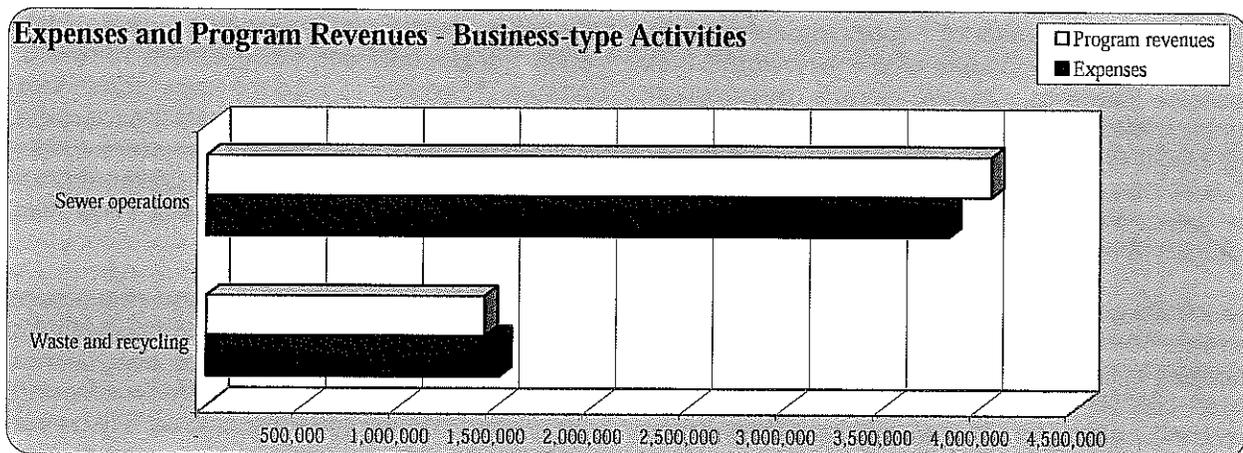
Major revenue factors include:

- Operating grants and contributions increased by \$26,120 over the previous year due primarily to a slight increase for the Recycling Grant.
- Investment earnings increased from \$346,754 in the prior year to \$659,514 for 2006. The increase in interest earnings was the result of a growing economy and the steady rise in interest rates.
- Capital grants and contributions of \$245,954 reflect the dedication of sanitary sewer lines from the Edgewater and Cold Springs developments, a decrease of \$178,473 over the previous year.

Major expense factors include:

- Increases in employee wages increased approximately three percent resulting from general wage increases.
- Employee benefits costs increased by approximately 13.1 percent.

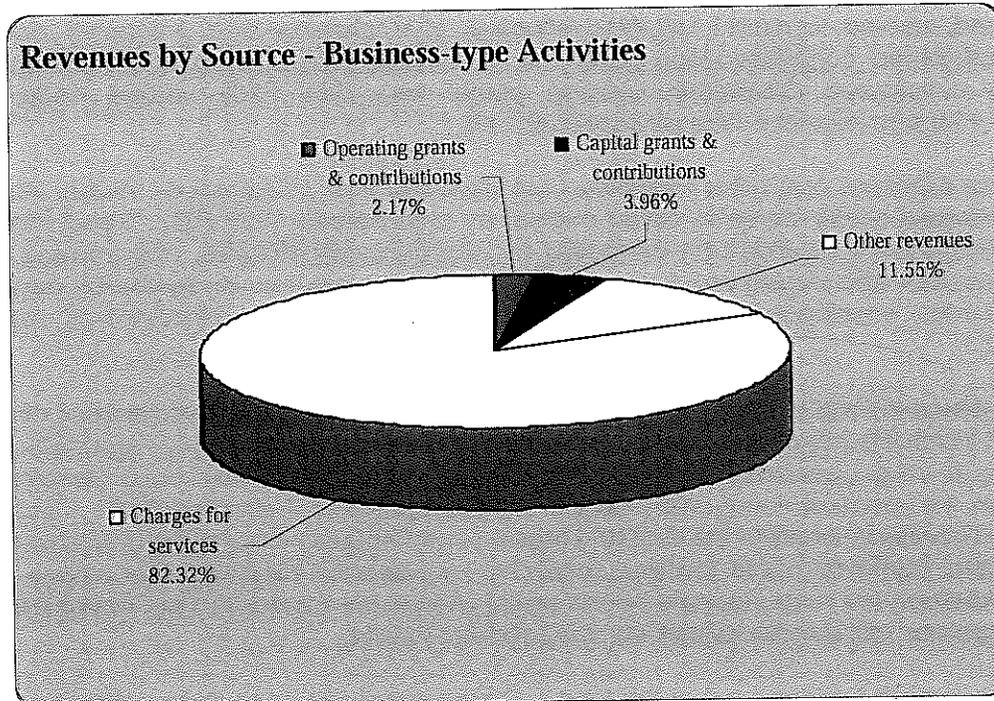
The following graph compares the charges for services to the operating expenses of each fund.



WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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



FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

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

As of December 31, 2006, the Township's governmental funds reported combined ending balances of \$12,667,170, an increase of \$1,727,831 as compared to the prior year. Approximately 61 percent, or \$7,701,901, constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of the fund balance is reserved, which means that it is not available for new spending because it has already been committed to pay for: 1) debt service; 2) capital improvements; or 3) additional security for bonds.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

The **General Fund** is the chief operating fund of West Goshen Township. As of December 31, 2006, the total fund balance of the General Fund was \$7,415,233 (as compared to \$5,127,853 for the prior year), all of which is unreserved. The fund balance of the General Fund increased by \$2,287,380 in fiscal year 2006. Key factors contributing to this growth are as follows:

- The increase in revenues was due primarily to increased real estate transfer taxes (\$233,750), earned income taxes (\$1,182,791) reflective of a growing local economy and a large unanticipated corporate stock option tax withholding payout, greater investment earnings than anticipated (\$295,659), building permit fees (\$111,075), vehicle code violations (\$50,954) and special police services (\$22,738).
- Actual expenses and other financing uses were less than anticipated. Actual increases for employee benefits came in under budget by nine percent (\$89,600). Road maintenance material costs were less than budgeted by approximately \$79,600, and transfers to capital reserve for traffic studies and traffic maintenance were less than budgeted by approximately \$109,100. Anticipated public works garage rental expense of \$93,000 was delayed until 2007.

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

Capital improvements financed out of this fund in 2006 totaled \$961,448 in the following categories: Public Works (\$21,959 – traffic signal upgrades and emergency pre-emption devices); and Culture and Recreation (\$6,572 – site construction document costs and \$932,917 – construction costs for Pottstown Pike Park.

The total fund balance as of December 31, 2006 is \$4,914,618, all of which is reserved as previously explained.

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

- **Cold Springs Bridge Fund** – 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.

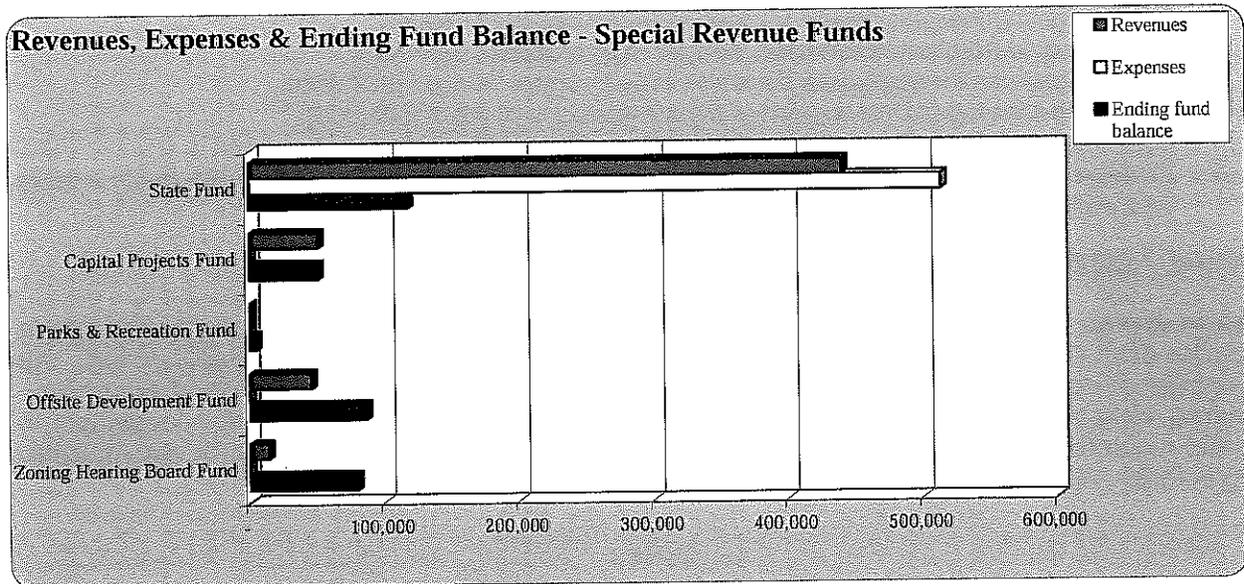
The total fund balance as of December 31, 2006, is \$50,651, all of which is reserved as previously explained.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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

- **State Funds** – The Township received \$421,208 (compared to \$393,859 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 \$32,500 (compared to \$12,500 in the prior year) from building contractors for open space projects. Expenditures from this fund were minimal at \$27. The Restricted Parks account transferred \$304,824 to the Capital Reserve Fund to pay for expenses associated with the Township's parks.



The total fund balance as of December 31, 2006 is \$286,668 (as compared to \$605,133 in the prior year), all of which is unreserved as previously explained.

The financial statements for the governmental funds can be found on pages 28-31 of this report.

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

Unrestricted net assets of the Sewer, Waste and Recycling, Sewer Authority and Sewer Reserve Funds at the end of the year amounted to \$5,148,304 as compared to \$5,373,688 in the prior year, representing a decrease in unrestricted net assets of \$225,384. Factors contributing to the finances of these three funds have already been addressed in the discussion of the Township's business-type activities.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's budget and actual results can be found on pages 32 and 33.

For 2006, there were no revisions to the General Fund budget.

The program budget for the General Fund anticipated a balanced budget.

Actual revenues and other financing sources exceeded budgeted amounts by \$1,664,560. Actual expenditures and other financing uses were less than budgeted expenditures by \$622,819. Following are the main components of the increase:

- Moderate upturn in revenues from real estate sales transactions (\$233,750);
- Earned income taxes reflect a growing local economy (\$1,182,791);
- Greater investment returns resulting from positive market conditions (\$295,659);
- Building permit fees exceeded budget expectations (\$111,075);
- Vehicle code violations exceeded budget expectations (\$50,954);
- Actual increases for employee benefits came in under budget (\$89,600);
- Anticipated garage rental expenses were delayed until 2007 (\$93,000);
- Road maintenance materials came in under budget (\$79,600); and
- Transfers to capital reserve were less than budgeted (\$19,100). Township-wide traffic studies and traffic signal maintenance were postponed to 2007.

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, 2006 amounts to \$58,091,369, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, land improvements and infrastructure. The total increase in the Township's investment in capital assets for the current fiscal year was a total of approximately \$378,884, net of accumulated depreciation, or a 0.7 percent increase.

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Buildings and improvements	\$ 6,937,782	\$ 5,953,999	\$ 11,606,882	\$ 11,606,882	\$ 18,544,664	\$ 17,560,881
Machinery and equipment	2,945,308	2,771,407	7,554,751	7,505,150	10,500,059	10,276,557
Vehicles	1,207,042	1,116,916	238,189	215,877	1,445,231	1,332,793
Land	3,128,044	3,128,044	82,083	82,083	3,210,127	3,210,127
Land improvements	2,047,019	1,887,019	560,571	560,571	2,607,590	2,447,590
Infrastructure	45,189,907	44,989,552	16,268,036	16,022,082	61,457,943	61,011,634
Construction-in-progress	-	204,294	689,707	69,251	689,707	273,545
Total capital assets	61,455,102	60,051,231	37,000,219	36,061,896	98,455,321	96,113,127
Less accumulated depreciation	(25,970,644)	(24,753,405)	(14,393,308)	(13,647,237)	(40,363,952)	(38,400,642)
Capital assets, net of depreciation	<u>\$ 35,484,458</u>	<u>\$ 35,297,826</u>	<u>\$ 22,606,911</u>	<u>\$ 22,414,659</u>	<u>\$ 58,091,369</u>	<u>\$ 57,712,485</u>

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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

- \$44,771 - purchase of two new Police vehicles;
- \$36,933 – purchase of one new Parks Department pickup truck;
- \$29,560 – purchase of a John Deere utility tractor;
- \$4,572 – purchase of a 7,000 pound trailer;
- \$170,223 – purchase of two Roads Department dump trucks;
- \$50,349 - purchase of a F350 Roads Department pickup truck;
- \$51,168 – purchase of a Roads Department paver;
- \$16,270 – purchase of a Roads Department trailer jack;
- \$145,723 – purchase of a Roads Department front-end loader;
- \$113,560 – purchase of a Roads Department backhoe loader;
- \$939,489 – completion of Pottstown Pike Park construction;
- \$21,959 – Traffic signal upgrades included signal GPS's and generators;
- \$178,396 – Edgewater Lane subdivision roadway infrastructure dedicated to the Township.

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

- \$80,920 – Purchase of two new pickup trucks;
- \$16,875 – Purchase of a trash pump;
- \$79,026 – Purchase of a tractor loader;
- \$245,954 – Infrastructure improvements consisting of mains and laterals for two residential developments dedicated to the Township;
- \$21,258 – Construction-in-progress of Digester roof flashing;

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

- \$358,602 – Construction-in-progress of UV system upgrade; and
- \$240,596 – Construction-in-progress to the Fern Hill pumping station upgrade.

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

Long-term Debt

At December 31, 2006, the Township had \$13,928,016 in bonds, notes and capital leases outstanding versus \$15,090,926 last year – a decrease of 7.7 percent – as shown in Table 4 below.

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
General obligation notes	\$ 5,317,000	\$ 5,876,000	\$ -	\$ -	\$ 5,317,000	\$ 5,876,000
Capital lease	300,016	129,926	-	-	300,016	129,926
Sewer revenue bonds	-	-	3,920,000	4,430,000	3,920,000	4,430,000
Sewer revenue notes	-	-	4,391,000	4,655,000	4,391,000	4,655,000
Total Outstanding Debt	\$ 5,617,016	\$ 6,005,926	\$ 8,311,000	\$ 9,085,000	\$ 13,928,016	\$ 15,090,926

New debt issued this year included capital leases of \$336,506 to purchase two Road Department dump trucks, a front-end loader and a backhoe loader. Other obligations of the Township include compensated absences of \$689,829.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 250 percent of its average borrowing base (average revenues over the past three years). The current debt limitation for West Goshen Township is \$44,038,428, which is significantly in excess of the Township's outstanding debt.

Additional information about the Township's long-term debt can be found in Note 6 on pages 50-51 of this report.

WEST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.
- Interest rates for savings and checking accounts increased from a low of 4.00 percent to a high of 5.54 percent, and certificates of deposit increased from a low of 4.26 percent to a high of 5.00 percent.
- New housing growth has been moderate and property values have been on the rise. The number of real estate sales in the Township directly affects the revenue streams of real estate transfer taxes.
- Changes in the pension laws and contractual changes to the pension plans continue to place added financial burdens on the Township to supplement State Aid.
- The Township adopted a 2007 budget in which its anticipated revenues slightly exceed planned expenditures by \$22,350.
- Township real estate taxes were not increased for 2007.
- Costs for services have continued to rise, far outpacing revenues. The increases are largely attributed to expanded staffing, salary increases and the increased cost of providing employee benefits.
- Sewer fees will increase from \$45 per quarter to \$60 per quarter, effective with the October 1, 2007 billing.
- Waste and recycling fees will increase from \$55 per quarter to \$80 per quarter, effective with the October 1, 2007 billing.

All of these factors were considered in preparing the Township's budget for the 2007 fiscal year.

REQUESTS FOR INFORMATION

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

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

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BASIC FINANCIAL STATEMENTS

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WEST GOSHEN TOWNSHIP
STATEMENT OF NET ASSETS
DECEMBER 31, 2006
(with Summarized Comparative Data for December 31, 2005)

	Primary Government		Totals
	Governmental Activities	Business-type Activities	2006
			2005
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 11,270,899	\$ 2,458,249	\$ 13,729,148
Cash and cash equivalents, restricted	-	4,010,265	1,526,648
Investments	1,361,674	1,341,536	2,703,210
Investments, restricted	-	5,510,664	7,796,849
Accounts and other receivables, net	2,653,544	1,584,115	3,765,908
Due from developers	-	15,112	8,987
Total Current Assets	15,286,117	14,919,941	28,296,365
Noncurrent Assets:			
Depreciable capital assets, net	32,356,414	21,835,121	54,228,813
Land	3,128,044	82,083	3,210,127
Construction-in-progress	-	689,707	273,545
Bond issuance costs	-	51,209	58,795
Total Noncurrent Assets	35,484,458	22,658,120	57,771,280
TOTAL ASSETS	\$ 50,770,575	\$ 37,578,061	\$ 88,067,645
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 40,445	\$ 197,865	\$ 238,310
Developers' deposits	-	115,566	115,587
Compensated absences payable within one year	36,394	11,894	47,980
Capital leases payable within one year	136,829	-	73,031
Bonds payable within one year	-	515,000	510,000
Notes payable within one year	591,000	277,000	823,000
Total Current Liabilities	804,668	1,117,325	1,711,986
Noncurrent Liabilities:			
Compensated absences	483,518	158,023	637,459
Capital leases payable	163,187	-	163,187
Bonds payable	-	3,405,000	56,895
Deferred amount on refunding	-	(38,165)	3,920,000
Notes payable	4,726,000	4,114,000	(43,819)
Total Noncurrent Liabilities	5,372,705	7,638,858	9,708,000
TOTAL LIABILITIES	6,177,373	8,756,183	14,278,535
NET ASSETS:			
Invested in capital assets, net of related debt	29,867,442	14,385,285	42,724,173
Restricted for:			
Capital reserve	4,914,618	-	4,914,618
Sewer	-	9,288,289	9,151,259
Unrestricted	9,811,142	5,148,304	12,995,339
TOTAL NET ASSETS	44,593,202	28,821,878	70,077,124
TOTAL LIABILITIES AND NET ASSETS	\$ 50,770,575	\$ 37,578,061	\$ 88,067,645

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

WEST GOSHEN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2006
(With Summarized Comparative Data for December 31, 2005)

	Major Funds		Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund		2006	2005
ASSETS					
Cash and cash equivalents	\$ 6,998,578	\$3,935,002	\$ 337,319	\$11,270,899	\$ 9,622,561
Investments	382,310	979,364	-	1,361,674	1,299,427
Accounts receivable, net	15,634	9,926	-	25,560	24,550
Taxes receivable, net	<u>2,627,984</u>	-	-	<u>2,627,984</u>	<u>2,448,472</u>
TOTAL ASSETS	<u>\$10,024,506</u>	<u>\$4,924,292</u>	<u>\$ 337,319</u>	<u>\$15,286,117</u>	<u>\$13,395,010</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 30,771	\$ 9,674	-	\$ 40,445	\$ 46,788
Deferred revenues	<u>2,578,502</u>	-	-	<u>2,578,502</u>	<u>2,408,883</u>
TOTAL LIABILITIES	<u>2,609,273</u>	<u>9,674</u>	<u>-</u>	<u>2,618,947</u>	<u>2,455,671</u>
FUND BALANCES					
Reserved for capital projects	-	4,914,618	50,651	4,965,269	5,206,353
Unreserved:					
General fund	7,415,233	-	-	7,415,233	5,127,853
Special revenue funds	-	-	286,668	286,668	605,133
TOTAL FUND BALANCES	<u>7,415,233</u>	<u>4,914,618</u>	<u>337,319</u>	<u>12,667,170</u>	<u>10,939,339</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$10,024,506</u>	<u>\$4,924,292</u>	<u>\$ 337,319</u>	<u>\$15,286,117</u>	<u>\$13,395,010</u>

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

WEST GOSHEN TOWNSHIP
 RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
 DECEMBER 31, 2006

TOTAL GOVERNMENTAL FUND BALANCES \$ 12,667,170

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

Depreciable capital assets, net	32,356,414
Land	3,128,044

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

2,578,502

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

Capital leases	(300,016)
Compensated absences	(519,912)
Notes payable	<u>(5,317,000)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 44,593,202

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, 2006
 (With Summarized Comparative Data for the Year Ended December 31, 2005)

	Major Funds			Nonmajor Governmental Funds	Totals	
	General Fund	Capital Reserve Fund	-		2006	2005
REVENUES						
Taxes	\$10,819,333	-	-	-	\$ 8,856,569	
Licenses and permits	288,043	-	-	288,043	266,385	
Fines, forfeits and costs	212,941	-	-	212,941	181,130	
Investment earnings	398,320	228,905	-	33,055	388,986	
Intergovernmental revenues	497,322	225,000	-	421,208	917,001	
Charges for services/fees	441,980	-	-	13,500	378,827	
Contributions	-	-	-	82,500	12,500	
Miscellaneous revenue/other	16,420	2,000	-	18,420	20,804	
TOTAL REVENUES	<u>12,674,359</u>	<u>455,905</u>	<u>550,263</u>	<u>13,680,527</u>	<u>11,022,202</u>	
EXPENDITURES						
Current:						
General government	1,656,162	6,227	-	1,662,389	1,680,525	
Public safety	4,832,442	-	-	4,832,442	4,839,827	
Public works - highways and streets	1,948,456	397,960	-	2,859,642	1,455,812	
Other public works	150,047	-	-	150,047	114,056	
Library	2,500	-	-	2,500	5,000	
Culture and recreation	873,591	939,489	-	1,813,080	1,087,112	
Miscellaneous expenditures	-	-	27	27	27	
Debt service:						
Principal	166,416	559,000	-	725,416	641,163	
Interest and other charges	285,034	285,034	-	285,034	296,603	
TOTAL EXPENDITURES	<u>9,629,614</u>	<u>2,187,710</u>	<u>513,253</u>	<u>12,330,577</u>	<u>10,120,125</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,044,745</u>	<u>(1,731,805)</u>	<u>37,010</u>	<u>1,349,950</u>	<u>902,077</u>	
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease	336,506	-	-	336,506	170,835	
Sale of/compensation for sale of capital assets	41,375	-	-	41,375	19,309	
Transfers in	-	1,440,070	-	1,440,070	1,354,962	
Transfers out	<u>(1,135,246)</u>	<u>-</u>	<u>(304,824)</u>	<u>(1,440,070)</u>	<u>(1,364,962)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(757,365)</u>	<u>1,440,070</u>	<u>(304,824)</u>	<u>377,881</u>	<u>190,144</u>	
NET CHANGE IN FUND BALANCES	2,287,380	(291,735)	(267,814)	1,727,831	1,092,221	
FUND BALANCES, BEGINNING OF YEAR	<u>5,127,853</u>	<u>5,206,353</u>	<u>605,133</u>	<u>10,939,339</u>	<u>9,847,118</u>	
FUND BALANCES, END OF YEAR	<u>\$ 7,415,233</u>	<u>\$ 4,914,618</u>	<u>\$ 337,319</u>	<u>\$12,667,170</u>	<u>\$10,939,339</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, 2006

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,727,831

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 capital outlays exceeded depreciation in the period.

70,671

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased by this amount this year.

169,619

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

(62,435)

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.

178,396

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

388,910

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.)

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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 2,473,298

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

WEST GOSHEN TOWNSHIP
 BUDGETARY COMPARISON STATEMENT - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Real estate - current	\$ 2,500,000	\$ 2,499,625	(375)
Real estate - delinquent and interest	26,000	37,484	11,484
Real estate - interims	10,000	23,312	13,312
Real estate - transfer	550,000	783,750	233,750
Occupational privilege	5,350,000	6,532,791	1,182,791
Emergency municipal services	1,200,000	942,371	(257,629)
Licenses and permits	260,432	288,043	27,611
Fines, forfeits and costs	154,000	212,941	58,941
Interest, dividends and rents	103,532	398,320	294,788
Intergovernmental revenues	534,605	497,322	(37,283)
Charges for services/fees	262,611	441,980	179,369
Miscellaneous revenue/other	13,500	16,420	2,920
TOTAL REVENUES	<u>10,964,680</u>	<u>12,674,359</u>	<u>1,709,679</u>
EXPENDITURES			
Current			
General government:			
Administration	1,226,251	1,085,677	140,574
Auditing	19,739	21,209	(1,470)
Tax collection	148,021	161,898	(13,877)
Engineering	199,820	175,313	24,507
Building maintenance	232,283	212,064	20,219
Public safety:			
Police	3,838,424	3,894,731	(56,307)
Fire protection	677,911	679,997	(2,086)
Code enforcement	265,287	226,446	38,841
Planning and zoning	38,074	31,268	6,806
Public works - highways and streets:			
Administration	996,743	881,189	115,554
Winter maintenance	30,503	14,835	15,668
Road maintenance	605,229	530,164	75,065
Road construction	524,482	522,270	2,212
Other public works:			
Traffic signal maintenance	108,570	118,994	(10,424)
Street lighting	38,500	31,052	7,448
Library	5,000	2,500	2,500
Culture and recreation:			
Recreation	235,088	212,952	22,136
Parks	762,664	660,639	102,025
Nondepartmental:			
Debt service - principal	190,738	166,416	24,322
TOTAL EXPENDITURES	<u>10,143,327</u>	<u>9,629,614</u>	<u>513,713</u>

Continued on next page.

WEST GOSHEN TOWNSHIP
 BUDGETARY COMPARISON STATEMENT - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXCESS OF REVENUES OVER EXPENDITURES	<u>821,353</u>	<u>3,044,745</u>	<u>2,223,392</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	416,000	336,506	(79,494)
Sale of/compensation for capital assets	7,000	41,375	34,375
Interfund transfers	<u>(1,244,353)</u>	<u>(1,135,246)</u>	<u>109,107</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(821,353)</u>	<u>(757,365)</u>	<u>63,988</u>
NET CHANGE IN FUND BALANCE	-	2,287,380	2,287,380
FUND BALANCE, BEGINNING OF YEAR	<u>4,616,352</u>	<u>5,127,853</u>	<u>511,501</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,616,352</u>	<u>\$ 7,415,233</u>	<u>\$ 2,789,881</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2006
(With Summarized Comparative Data for December 31, 2005)

	Major Enterprise Funds			Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority		2006	2005
ASSETS						
Current Assets:						
Cash and cash equivalents	\$1,259,755	\$1,184,250	\$ 14,244	-	\$ 2,458,249	\$ 2,975,467
Cash and cash equivalents, restricted	-	-	4,010,265	-	4,010,265	1,526,648
Investments	1,248,779	92,757	-	-	1,341,536	1,300,518
Investments, restricted	-	-	4,227,353	1,283,311	5,510,664	7,796,849
Accounts receivable, net	1,115,922	465,299	-	2,894	1,584,115	1,292,886
Due from developers	-	-	15,112	-	15,112	8,987
Total Current Assets	<u>3,624,456</u>	<u>1,742,306</u>	<u>8,266,974</u>	<u>1,286,205</u>	<u>14,919,941</u>	<u>14,901,355</u>
Noncurrent Assets:						
Bond issuance costs	-	-	51,209	-	51,209	58,795
Land	-	-	82,083	-	82,083	82,083
Construction-in-progress	-	-	689,707	-	689,707	69,251
Capital assets, net	313,669	-	21,521,452	-	21,835,121	22,263,325
Total Noncurrent Assets	<u>313,669</u>	<u>-</u>	<u>22,344,451</u>	<u>-</u>	<u>22,658,120</u>	<u>22,473,454</u>
TOTAL ASSETS	\$3,938,125	\$1,742,306	\$30,611,425	\$1,286,205	\$37,578,061	\$37,374,809
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 52,194	\$ 10,591	\$ 135,080	-	\$ 197,865	\$ 29,600
Developer deposits	11,527	367	115,566	-	115,566	181,587
Compensated absences	-	-	515,000	-	515,000	11,565
Bonds payable within one year	-	-	277,000	-	277,000	510,000
Notes payable within one year	-	-	1,042,646	-	1,117,325	264,000
Total Current Liabilities	<u>63,721</u>	<u>10,958</u>	<u>1,942,646</u>	<u>-</u>	<u>1,117,325</u>	<u>996,752</u>
Noncurrent Liabilities:						
Compensated absences	153,145	4,878	-	-	158,023	153,656
Bonds payable	-	-	3,405,000	-	3,405,000	3,920,000
Deferred amount on refunding	-	-	(38,165)	-	(38,165)	(43,819)
Notes payable	153,145	4,878	4,114,000	-	4,114,000	4,391,000
Total Noncurrent Liabilities	<u>216,866</u>	<u>15,836</u>	<u>8,523,481</u>	<u>-</u>	<u>7,638,858</u>	<u>8,420,837</u>
TOTAL LIABILITIES	216,866	15,836	8,523,481	-	8,756,183	9,417,589
NET ASSETS						
Invested in capital assets, net of related debt	313,669	-	14,071,616	-	14,385,285	13,432,273
Restricted	-	-	8,002,084	1,286,205	9,288,289	9,151,259
Unrestricted	3,407,590	1,726,470	14,244	-	5,148,304	5,373,688
TOTAL NET ASSETS	3,721,259	1,726,470	22,087,944	1,286,205	28,821,878	27,957,220
TOTAL LIABILITIES AND NET ASSETS	\$3,938,125	\$1,742,306	\$30,611,425	\$1,286,205	\$37,578,061	\$37,374,809

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

WEST GOSHEN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(with Summarized Comparative Data for the Year Ended December 31, 2005)

	Major Enterprise Funds			Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority		2006	2005
OPERATING REVENUES:						
Fees	\$3,532,062	\$1,370,204	\$ 210,188	\$ -	\$ 5,112,454	\$ 4,673,567
Other	69,618	7,513	-	-	77,131	87,208
TOTAL OPERATING REVENUES	<u>3,601,680</u>	<u>1,377,717</u>	<u>210,188</u>	-	<u>5,189,585</u>	<u>4,760,775</u>
OPERATING EXPENSES:						
Contracted services	-	1,425,114	-	-	1,425,114	1,305,824
Sewer collection	119,515	-	-	-	119,515	145,560
Sewer disposal	411,292	-	-	-	411,292	380,383
Salaries and wages	925,129	45,874	-	-	971,003	931,704
Engineering fees	-	-	-	-	-	29,301
Administration	58,784	23,566	31,554	-	113,904	97,159
Employee benefits	545,382	17,763	-	-	563,145	519,407
Supplies	-	354	-	-	354	184
Fuel and light	461,317	-	-	-	461,317	398,652
Repairs and maintenance	118,854	1,013	-	-	119,867	93,955
Depreciation	48,223	-	792,265	-	840,488	830,458
TOTAL OPERATING EXPENSES	<u>2,688,496</u>	<u>1,513,684</u>	<u>823,819</u>	-	<u>5,025,999</u>	<u>4,732,587</u>
OPERATING INCOME (LOSS)	<u>913,184</u>	<u>(135,967)</u>	<u>(613,631)</u>	-	<u>163,586</u>	<u>28,188</u>
NONOPERATING REVENUES (EXPENSES):						
Interest and investment revenue	143,968	67,941	382,109	65,496	659,514	346,754
Interest expense on bonds	-	-	(306,675)	-	(306,675)	(268,012)
Amortization expense	-	-	(13,240)	-	(13,240)	-
Other nonoperating revenue	46,409	69,110	-	-	115,519	58,666
TOTAL NONOPERATING REVENUES	<u>190,377</u>	<u>137,051</u>	<u>62,194</u>	<u>65,496</u>	<u>455,118</u>	<u>124,168</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,103,561</u>	<u>1,084</u>	<u>(551,437)</u>	<u>65,496</u>	<u>618,704</u>	<u>152,356</u>
Capital contributions	-	-	245,954	-	245,954	424,427
Transfers in	-	-	1,214,243	-	1,214,243	1,150,014
Transfers out	(1,214,243)	-	-	-	(1,214,243)	(1,150,014)
CHANGE IN NET ASSETS	<u>(110,682)</u>	<u>1,084</u>	<u>908,760</u>	<u>65,496</u>	<u>864,658</u>	<u>576,783</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,831,941</u>	<u>1,725,386</u>	<u>21,179,184</u>	<u>1,220,709</u>	<u>27,957,220</u>	<u>27,380,437</u>
NET ASSETS, END OF YEAR	<u>\$3,721,259</u>	<u>\$1,726,470</u>	<u>\$22,087,944</u>	<u>\$1,286,205</u>	<u>\$28,821,878</u>	<u>\$27,957,220</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, 2006
(With Summarized Comparative Data for the Year Ended December 31, 2005)

	Major Enterprise Funds			Nonmajor Fund	Totals	
	Sewer Fund	Waste and Recycling Fund	Sewer Authority		2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:						
Received from customers	\$ 3,315,839	\$ 1,372,329	\$ 204,063	\$ 4,892,231	\$ 4,952,099	
Paid to suppliers for goods and services	(1,127,988)	(1,449,816)	(97,575)	(2,675,379)	(2,538,749)	
Paid to employees for services	(1,474,921)	(63,351)	-	(1,538,272)	(1,444,205)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>712,930</u>	<u>(140,838)</u>	<u>106,488</u>	<u>678,580</u>	<u>969,145</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Grants received from state	-	69,110	-	69,110	48,260	
Transfer from other funds	(1,214,243)	-	1,214,243	1,214,243	1,150,014	
Transfer to other funds	-	-	-	(1,214,243)	(1,150,014)	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,214,243)</u>	<u>69,110</u>	<u>1,214,243</u>	<u>69,110</u>	<u>48,260</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest paid	-	-	(306,675)	(306,675)	(268,012)	
Principal payments	(119,921)	-	(774,000)	(774,000)	(752,000)	
Acquisition and construction of capital assets	-	-	(485,376)	(605,297)	(76,278)	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(119,921)</u>	<u>-</u>	<u>(1,566,051)</u>	<u>(1,685,972)</u>	<u>(1,096,290)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and investment earnings	209,464	67,941	289,283	629,652	444,848	
Sale of investments, net of reinvestment	(101,344)	(2,638)	2,868,743	2,868,743	799,864	
Purchase of investments, net of reinvestment	108,120	65,303	(426,768)	(593,714)	(123,486)	
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(513,114)</u>	<u>(6,425)</u>	<u>2,731,258</u>	<u>2,904,681</u>	<u>1,121,226</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	\$ 913,184	\$ (135,967)	\$ (613,631)	\$ 163,586	\$ 28,188	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR						
	48,223	-	792,265	840,488	830,455	
CASH AND CASH EQUIVALENTS, END OF YEAR						
	\$ 1,259,755	\$ 1,184,250	\$ 4,024,509	\$ 6,468,514	\$ 4,502,115	
Operating income (loss)						
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation						
Changes in assets and liabilities:						
Accounts receivable	(285,841)	(5,388)	-	(291,229)	192,243	
Due from developers	32,954	231	(6,125)	(6,125)	(919)	
Accounts payable	-	-	-	33,185	(107,660)	
Developers' deposits	4,410	286	(66,021)	(66,021)	17,902	
Compensated absences	712,930	(140,838)	106,488	678,580	8,936	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>712,930</u>	<u>(140,838)</u>	<u>106,488</u>	<u>678,580</u>	<u>969,145</u>	
SUPPLEMENTAL INFORMATION:						
Restricted cash	\$ 1,259,755	\$ -	\$ 4,010,265	\$ 5,270,020	\$ 1,526,648	
Unrestricted cash	<u>1,259,755</u>	<u>1,184,250</u>	<u>14,244</u>	<u>1,198,494</u>	<u>2,975,467</u>	
NET CASH INVESTING ACTIVITIES:						
Net increase (decrease) in fair value of investments	\$ 92,826	\$ -	\$ -	\$ 92,826	\$ (55,783)	
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Contributed capital assets	\$ 245,954	\$ -	\$ -	\$ 245,954	\$ 424,727	
Capital assets acquired through incurrence of accounts payable	135,080	-	-	135,080	-	
Gain on trade-in of capital assets	56,900	-	-	56,900	-	
Amortization expense	(13,240)	-	-	(13,240)	(13,240)	
	<u>424,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,694</u>	<u>\$ 411,487</u>	

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

WEST GOSHEN TOWNSHIP
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2006

	Pension and Other Employee Benefit <u>Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 3,441,231	\$ 66,688
Accrued receivables	12,141	-
Insurance contracts, at contract value	1,832,243	-
Investments, at market value:		
Mutual funds	<u>8,982,805</u>	<u>-</u>
TOTAL ASSETS	<u>\$14,268,420</u>	<u>\$ 66,688</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 9,387	\$ -
Escrow deposits	-	66,688
 NET ASSETS:		
Assets held in trust for pension and other employee benefits (schedule of funding progress for each pension plan is presented on page 65)	<u>14,259,033</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$14,268,420</u>	<u>\$ 66,688</u>

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

WEST GOSHEN TOWNSHIP
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Pension and Other Employee Benefit <u>Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 545,046
State aid	330,472
Member contributions	<u>108,329</u>
Total Contributions	<u>983,847</u>
Investment earnings:	
Interest and dividends	432,614
Net increase in fair value of investments	<u>1,267,828</u>
Total Investment Earnings	<u>1,700,442</u>
TOTAL ADDITIONS	<u>2,684,289</u>
DEDUCTIONS:	
Pension payments	361,172
Administrative expenses	51,174
Other expenses	<u>57,619</u>
TOTAL DEDUCTIONS	<u>469,965</u>
CHANGE IN NET ASSETS	2,214,324
NET ASSETS, BEGINNING OF YEAR	<u>12,044,709</u>
NET ASSETS, END OF YEAR	<u>\$14,259,033</u>

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Financial accountability is defined in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB No. 39. The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township may also be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Blended Component Unit

The West Goshen Sewer Authority is a public authority, which exists to provide facilities for use in the sewer operations of the Township Sewer Fund. The Authority is considered a blended component unit and is shown in the financial statements as part of the primary government proprietary funds. The Authority is audited by Barbacane, Thornton & Company, whose report dated May 9, 2007 is publicly available through the offices of West Goshen Township.

Basis of Presentation

Entity-Wide Financial Statements

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

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

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

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

Fund Financial Statements

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

The Township reports the following major governmental funds:

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

The Township reports the following proprietary funds:

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Governmental Funds

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

Revenue Recognition

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

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

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

Expenditure Recognition

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, capital reserve fund and state fund special revenue fund, which is a nonmajor governmental fund. All annual appropriations lapse at fiscal year end. For 2006, there were no revisions to the general fund budget.

Cash and Cash Equivalents

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Restricted Assets

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

Investments

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

Receivables and Payables

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

Capital Assets

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

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

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

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

Machinery and equipment	5-20 years
Vehicles	5-10 years
Land improvements	10-20 years
Buildings and improvements	25-40 years
Utility systems	25-40 years
Infrastructure	20-60 years

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Compensated Absences

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

Long-Term Obligations

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

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

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

Fund Equity

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

Restricted Net Assets

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Comparative Data

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

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township does not have a policy for custodial credit risk on deposits. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit excluding the pension funds. At December 31, 2006, the carrying amount of the Township's deposits was \$17,806,101 (includes the agency fund) and the bank balance was \$18,069,043. Of the bank balance, \$200,000 was covered by federal depository insurance and \$10,961,740 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name.

As of December 31, 2006, \$2,997,492 of the Township's deposits were in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit.

As of December 31, 2006, \$3,909,811 of the Township's deposits were in the form of U.S. Treasury obligation money market mutual funds and are not subject to custodial credit risk. Custodial credit risk information for the pension and post-retirement medical benefit funds can be found at notes 8, 9, 10 and 12.

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, 2006, the Township had the following investments:

Certificates of deposit	\$ 3,986,521
U.S. agencies:	
Federal Home Loan Banks (FHLBs)	<u>4,227,353</u>
Total	<u>\$ 8,213,874</u>

Investments classified as U.S. agencies are securities of agencies of the U.S. government that have an implied but not explicit guarantee.

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the Township to limit its interest rate risk by investing in securities with maturity dates under one year. At December 31, 2006, the Township's investments in certificates of deposit and FHLBs had maturity dates of less than one year.

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, 2006, \$2,425,074 of the Township's investments were subject to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name.

Credit Risk

The Township does not have an investment policy that would limit its investment choices to those with certain credit ratings. As of December 31, 2006, FHLBs were rated as AAA by a nationally recognized statistical rating organization.

Concentration Risk

The Township does not have a policy that would limit the amount it may invest in any one issuer. As of December 31, 2006, all of the Township's investments were in the form of certificates of deposit issued by three banks and FHLBs.

NOTE 3 INTERFUND TRANSFERS

Interfund transfers:

Transfers out:		Transfers in:	
General fund	\$ 1,135,246	Capital reserve	<u>\$ 1,440,070</u>
Other governmental funds	<u>304,824</u>		
Total	<u>\$ 1,440,070</u>		<u>\$ 1,440,070</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 INTERFUND TRANSFERS (cont'd)

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

Eliminations of interfund activity:

	<u>Sewer fund</u>	<u>Sewer Authority</u>	<u>Totals</u>
Revenue:			
Lease rental fees	\$ -	\$ 1,214,243	\$ 1,214,243
Total	<u>\$ -</u>	<u>\$ 1,214,243</u>	<u>\$ 1,214,243</u>
Expenses:			
Administration	\$ 1,214,243	\$ -	\$ 1,214,243
Total	<u>\$ 1,214,243</u>	<u>\$ -</u>	<u>\$ 1,214,243</u>

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

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
General capital assets not being depreciated:				
Land	\$ 3,128,044	\$ -	\$ -	\$ 3,128,044
Construction-in-progress	<u>204,294</u>	<u>939,489</u>	<u>(1,143,783)</u>	<u>-</u>
Total general capital assets not being depreciated	<u>3,332,338</u>	<u>939,489</u>	<u>(1,143,783)</u>	<u>3,128,044</u>
General capital assets being depreciated:				
Buildings and improvements	5,953,999	983,783	-	6,937,782
Vehicles	1,116,916	302,276	(212,150)	1,207,042
Infrastructure	44,989,552	200,355	-	45,189,907
Land improvements	1,887,019	160,000	-	2,047,019
Machinery and equipment	<u>2,771,407</u>	<u>360,853</u>	<u>(186,952)</u>	<u>2,945,308</u>
Total general capital assets being depreciated	<u>56,718,893</u>	<u>2,007,267</u>	<u>(399,102)</u>	<u>58,327,058</u>
Accumulated depreciation:				
Buildings and improvements	725,560	114,118	-	839,678
Vehicles	487,228	162,044	(190,935)	458,337
Infrastructure	21,775,981	1,041,604	-	22,817,585

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land improvements	736,664	62,717	-	799,381
Machinery and equipment	<u>1,027,972</u>	<u>173,423</u>	<u>(145,732)</u>	<u>1,055,663</u>
Total accumulated depreciation	<u>24,753,405</u>	<u>1,553,906</u>	<u>(336,667)</u>	<u>25,970,644</u>
Total general capital assets being depreciated, net	<u>31,965,488</u>	<u>453,361</u>	<u>(62,435)</u>	<u>32,356,414</u>
Governmental Activities, Net	<u>\$35,297,826</u>	<u>\$ 1,392,850</u>	<u>\$(1,206,218)</u>	<u>\$35,484,458</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 82,083	\$ -	\$ -	\$ 82,083
Construction-in-progress	<u>69,251</u>	<u>620,456</u>	<u>-</u>	<u>689,707</u>
Total capital assets not being depreciated, net	<u>151,334</u>	<u>620,456</u>	<u>-</u>	<u>771,790</u>
Capital assets being depreciated:				
Collection system - infrastructure	16,022,082	245,954	-	16,268,036
Land improvements	560,571	-	-	560,571
Buildings and improvements	11,606,882	-	-	11,606,882
Vehicles	215,877	80,920	(58,608)	238,189
Equipment	<u>7,505,150</u>	<u>95,901</u>	<u>(46,300)</u>	<u>7,554,751</u>
Total capital assets being depreciated	<u>35,910,562</u>	<u>422,775</u>	<u>(104,908)</u>	<u>36,228,429</u>
Accumulated depreciation:				
Collection system - infrastructure	6,029,104	290,133	-	6,319,237
Land improvements	138,863	11,260	-	150,123
Buildings and improvements	4,511,316	259,995	-	4,771,311
Vehicles	147,106	20,801	(52,747)	115,160
Equipment	<u>2,820,848</u>	<u>258,299</u>	<u>(41,670)</u>	<u>3,037,477</u>
Total accumulated depreciation	<u>13,647,237</u>	<u>840,488</u>	<u>(94,417)</u>	<u>14,393,308</u>
Total capital assets being depreciated, net	<u>22,263,325</u>	<u>(417,713)</u>	<u>(10,491)</u>	<u>21,835,121</u>
Business-type Activities, Net	<u>\$22,414,659</u>	<u>\$ 202,743</u>	<u>\$ (10,491)</u>	<u>\$22,606,911</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

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

Governmental Activities:	
General government	\$ 107,867
Public safety	110,203
Public works	1,192,415
Culture and recreation	<u>143,421</u>
Total Depreciation Expense - Governmental Activities	<u>\$1,553,906</u>
Business-type Activities:	
Sewer operations	<u>\$ 840,488</u>

NOTE 5 CAPITAL LEASES - LESSEE

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

Vehicles acquired through capital leases	\$ 703,568
Less: accumulated amortization	<u>(97,272)</u>
Total	<u>\$ 606,296</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 are as follows:

Year Ending December 31,

2007	\$ 153,329
2008	93,386
2009	42,568
2010	42,565
2011	<u>2</u>
Total minimum lease payments	331,850
Less: amount representing interest	<u>(31,834)</u>
Present value of minimum lease payments	<u>\$ 300,016</u>

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT

Governmental Activities:

Delaware Valley Regional Finance Authority -
General Obligation Note with interest at variable rates not to
exceed 15% per annum, payable annually. Interest rates
change on a weekly basis and are determined by the Bond
Market Association Index. As of December 31, 2006, the
interest rate is 3.91%. Maturity date is July 25, 2008. \$ 596,000

Delaware Valley Regional Finance Authority -
General Obligation Note with interest at a fixed rate of 4.909%
per annum, payable annually. Maturity date is July 25, 2008. 4,721,000

5,317,000

Business-type Activities:

Sewer Revenue Bonds, Series 2003, currently refunded Series
1995, with interest varying from 2.15% to 3.6%, payable semi-
annually. Maturity date is September 1, 2013. 3,920,000

Delaware Valley Regional Finance Authority note with interest
at variable rates not to exceed 25% per annum, payable
annually. Interest rates change on a weekly basis and are
determined by the Bond Market Association Index. As of
December 31, 2006, the interest rate is 3.40%. Maturity date
is July 25, 2018. 4,391,000

8,311,000

Grand Total

\$ 13,628,000

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

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2007	\$ 591,000	\$ 255,058	\$ 846,058
2008	625,000	228,923	853,923
2009	332,000	201,318	533,318
2010	347,000	185,020	532,020
2011	363,000	167,986	530,986
2012-2016	2,084,000	287,518	2,371,518
2017-2018	<u>975,000</u>	<u>72,359</u>	<u>1,047,359</u>
	<u>\$ 5,317,000</u>	<u>\$ 1,398,182</u>	<u>\$ 6,715,182</u>

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2007	\$ 792,000	\$ 260,709	\$ 1,052,709
2008	816,000	239,333	1,055,333
2009	845,000	215,356	1,060,356
2010	880,000	188,631	1,068,631
2011	911,000	159,340	1,070,340
2012-2016	3,149,000	383,734	3,532,734
2017-2018	<u>918,000</u>	<u>34,197</u>	<u>952,197</u>
	<u>\$ 8,311,000</u>	<u>\$ 1,481,300</u>	<u>\$ 9,792,300</u>

A schedule of changes in debt is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation notes	\$ 5,876,000	\$ -	\$ 559,000	\$ 5,317,000	\$ 591,000
Capital leases payable	129,926	336,506	166,416	300,016	136,829
Compensated absences	<u>520,218</u>	<u>266,906</u>	<u>267,212</u>	<u>519,912</u>	<u>36,394</u>
Total Governmental Activities	<u>\$ 6,526,144</u>	<u>\$ 603,412</u>	<u>\$ 992,628</u>	<u>\$ 6,136,928</u>	<u>\$ 764,223</u>
<u>Business-type Activities:</u>					
Sewer revenue bonds	\$ 4,430,000	\$ -	\$ 510,000	\$ 3,920,000	\$ 515,000
Sewer revenue notes	4,655,000	-	264,000	4,391,000	277,000
Compensated absences	<u>165,221</u>	<u>83,022</u>	<u>78,326</u>	<u>169,917</u>	<u>11,894</u>
Total Business-type Activities	<u>\$ 9,250,221</u>	<u>\$ 83,022</u>	<u>\$ 852,326</u>	<u>\$ 8,480,917</u>	<u>\$ 803,894</u>

NOTE 7 TAXES

For 2006, the following tax was levied on assessed value of real estate:

1.50 Mills for general purposes

The taxable assessed valuation of property as of December 31, 2006 was \$1,720,874,612.

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 2006:

Real Estate Transfer	-	1% of sale price
Earned Income Tax	-	1% of gross income
Emergency and Municipal Services Tax	-	\$52 per year

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND

Plan description and provisions:

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

As of January 1, 2005, pension plan membership consisted of the following:

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

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2005, disclosed that the pension plan benefit provisions are as follows:

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

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

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

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

Basis of Accounting

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

Method Used to Value Investments

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

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

Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2006, the carrying amount of the Police Pension Plan's deposits was \$1,437,819, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

Investments

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

As of December 31, 2006, the Township Police Pension Plan had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Domestic equity mutual funds	\$ 3,930,304	\$ 3,930,304
International equity mutual funds	560,932	560,932
Fixed income funds	878,110	878,110
Unallocated insurance contract	<u>902,576</u>	<u>902,576</u>
TOTAL	<u>\$ 6,271,922</u>	<u>\$ 6,271,922</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.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 POLICE PENSION FUND (cont'd)

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (M.M.O.). The M.M.O. is based upon the plan's biennial actuarial valuation. Employees were required to contribute five percent to the plan during 2006. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the M.M.O. which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205.

Administrative Costs

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

Annual Pension Cost

The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed basis. The remaining amortization period at December 31, 2006 was 11 years.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/06	\$ 375,796	100.00%	\$ -
12/31/05	\$ 384,698	100.00%	\$1,473,839
12/31/04	\$ 210,364	100.00%	\$ -

*An actuarial valuation is done every other year.

NOTE 9 NON-UNIFORMED PENSION FUND

Plan description and provisions:

The West Goshen Township Non-Uniformed Pension Fund is a single-employer defined benefit pension plan covering the Township's full-time administrative and road employees. The plan is governed by the board of township supervisors, which is responsible for the management of plan assets. The board of township supervisors has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Bryn Mawr Trust Company. West Goshen Township issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

As of January 1, 2005, pension plan membership consisted of the following:

Active employees	41
Retirees and beneficiaries currently receiving benefits	12
Vested terminated members	<u>6</u>
Total	<u>59</u>

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2005, disclosed that the pension plan benefit provisions are as follows:

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

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

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

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

Members are not required to contribute to the plan.

Basis of Accounting

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

Method Used to Value Investments

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

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

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2006, the carrying amount of the Non-Uniformed Pension Plan's deposits was \$581,811, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

Investments

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

As of December 31, 2006, the Township Non-Uniformed Pension Plan had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Domestic equity mutual funds	\$ 1,695,253	\$ 1,695,253
International equity mutual funds	243,576	243,576
Fixed income funds	319,336	319,336
Unallocated insurance contract	<u>492,269</u>	<u>492,269</u>
TOTAL	<u>\$ 2,750,434</u>	<u>\$ 2,750,434</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

Act 205 requires that annual contributions be based upon the minimum municipal obligation (M.M.O.). The M.M.O. is based upon the plan's biennial actuarial valuation. Employees were not required to contribute to the plan during 2006. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the M.M.O. which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205.

Administrative Costs

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Annual Pension Cost

The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed bases. The remaining amortization period at December 31, 2006 was eight years.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/06	\$ 210,308	100.00%	\$ -
12/31/05	\$ 219,414	100.00%	\$ 270,271
12/31/04	\$ 175,814	100.00%	\$ -

* An actuarial valuation is done every other year.

NOTE 10 SEWER PENSION PLAN

Plan description and provisions:

The West Goshen Township Sewer Pension Plan is a single-employer defined benefit pension plan covering the Township's full-time sewer employees. The plan is governed by the board of township supervisors, which is responsible for the management of plan assets. The board of township supervisors has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Bryn Mawr Trust Company. West Goshen Township issues a stand-alone financial report that includes audited financial statements and required supplementary information. Copies of that report can be obtained at the Township Administration Building.

As of January 1, 2005, pension plan membership consisted of the following:

Active employees	21
Retirees and beneficiaries currently receiving benefits	7
Vested terminated members	<u>3</u>
Total	<u>31</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Actuarial valuation report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2005, disclosed that the pension plan benefit provisions are as follows:

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

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

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

Members are not required to contribute to the plan.

Basis of Accounting

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

Method Used to Value Investments

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

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

Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2006, the carrying amount of the Sewer Pension Plan's deposits was \$319,283, which is equal to the deposits in a Federated Prime obligations fund held by the trustee of the pension in the Township's name. None of this balance was subject to custodial credit risk.

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

Investments

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

As of December 31, 2006, the Township Sewer Pension Plan had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Domestic equity mutual funds	\$ 1,061,079	\$ 1,061,079
International equity mutual funds	155,646	155,646
Fixed income funds	138,569	138,569
Unallocated insurance contract	<u>437,398</u>	<u>437,398</u>
 TOTAL	 <u>\$ 1,792,692</u>	 <u>\$ 1,792,692</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

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

Administrative Costs

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

Annual Pension Cost

The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.0 percent investment rate of return (net of administrative expenses) and (b) projected salary increases due to inflation of 5.0 percent per year, compounded annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 SEWER PENSION PLAN (cont'd)

in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a level dollar closed bases. The remaining amortization period at December 31, 2006 was 11 years.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/06	\$ 144,776	100.00%	\$ -
12/31/05	\$ 142,096	100.00%	\$ 510,441
12/31/04	\$ 111,127	100.00%	\$ -

* An actuarial valuation is done every other year.

NOTE 11 VILLAGE OF SHANNON

The Village of Shannon Homeowner's Association maintains an escrow account with West Goshen Township. The money that West Goshen is holding for the Village of Shannon is currently invested in a savings account. Any interest earned is forwarded to the Association at its request. As of December 31, 2006, the carrying value of the escrow account is \$66,688.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Medical Benefits Payable Upon Retirement

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

Police Insurance Fund

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

WEST GOSHEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Non-Uniformed Insurance Fund

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

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

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

Life-Insurance Payable Upon Retirement

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

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

For the year ended December 31, 2006, there were no eligible participants receiving benefits. Plan membership consisted of the following at January 1, 2005 (the most recent actuarial date):

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

The Township's actual contributions for 2006, which were used to fund post-employment benefits, were \$57,806 for the Police Retirement Insurance Fund and \$86,832 for the Non-Uniformed Insurance Fund. The actual contribution and the actuarially required contribution

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

amounts are the same. Net assets available for payment of benefits at December 31, 2006 were \$540,190 for the Police Insurance Fund and \$562,128 for the Non-Uniformed Insurance Fund.

Statement of Plan Net Assets
December 31, 2006

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund
ASSETS		
Cash and cash equivalents	\$ 540,190	\$ 562,128
Accrued receivables	-	-
Total Assets	<u>\$ 540,190</u>	<u>\$ 562,128</u>
NET ASSETS		
Assets Held in Trust for Employee Benefits	<u>\$ 540,190</u>	<u>\$ 562,128</u>

Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2006

	Police Retirement Insurance Fund	Non- Uniformed Insurance Fund
ADDITIONS		
Employer Contributions	\$ 57,806	\$ 86,832
Interest	<u>19,801</u>	<u>19,372</u>
Total Additions	<u>77,607</u>	<u>106,204</u>
DEDUCTIONS		
Other Expenses	<u>8,259</u>	-
Total Deductions	<u>8,259</u>	-
Change in Plan Net Assets	69,348	106,204
Plan Net Assets, Beginning of Year	<u>470,842</u>	<u>455,924</u>
Plan Net Assets, End of Year	<u>\$ 540,190</u>	<u>\$ 562,128</u>

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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

Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2006, the carrying amount of the Police Retirement Insurance Fund's deposits was \$540,190 and the bank balance was \$540,190. None of this balance was subject to custodial credit risk. At December 31, 2006, the carrying amount of the Non-Uniformed Insurance Fund's deposits was \$562,128 and the bank balance was \$562,128. None of this balance was subject to custodial credit risk.

NOTE 13 CONTINGENT LIABILITIES

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

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

NOTE 14 RISK MANAGEMENT

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

NOTE 15 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Township recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to the Township's Police, Non-Uniformed and Sewer Pension Funds on behalf of the Township's employees. In fiscal years 2006 and 2005, the State made contributions of \$330,472 and \$316,091, respectively. For the Police and Non-Uniformed Pension Funds, these contributions are recorded in the General Fund as revenue and expenditures. For the Sewer Pension Fund, these contributions are recorded in the Sewer Fund as revenue and expenses.

WEST GOSHEN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2006:

General Fund:	
<i>General government:</i>	
Auditing	\$ 1,470
Tax collection	\$ 13,877
<i>Public safety:</i>	
Police	\$ 56,307
Fire protection	\$ 2,086
<i>Public works - highway and streets:</i>	
Traffic signal maintenance	\$ 10,424
 Capital Reserve Fund:	
<i>General government</i>	
	\$ 6,227
<i>Culture and recreation</i>	
	\$ 133,189
<i>Debt service:</i>	
Interest	\$ 8,848

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

NOTE 17 COMMITMENT

As of December 31, 2006, the Township had the following commitment related to the sewer plant northeast pumping station upgrade:

<u>Contract Amount</u>	<u>Completed through December 31, 2006</u>	<u>Commitment</u>
\$ <u>292,000</u>	\$ <u>235,785</u>	\$ <u>56,215</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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WEST GOSHEN TOWNSHIP
SCHEDULE OF FUNDING PROGRESS - PENSION FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
POLICE						
1/1/99	4,603,075	4,705,583	97.8%	102,508	1,536,598	6.7%
1/1/01	4,890,383	5,346,753	91.5%	456,370	1,641,046	27.8%
1/1/03	4,418,044	6,266,681	70.5%	1,848,637	1,822,170	101.5%
1/1/05	5,910,986	7,384,825	80.0%	1,473,839	2,057,978	71.6%
NON-UNIFORMED						
1/1/99	1,660,749	1,839,711	90.3%	178,962	961,244	18.6%
1/1/01	1,912,237	1,966,622	97.2%	54,385	1,088,147	5.0%
1/1/03	1,863,173	2,296,824	81.1%	433,651	1,517,413	28.6%
1/1/05	2,574,787	2,845,058	90.5%	270,271	1,694,943	15.9%
SEWER						
1/1/99	1,100,330	1,331,243	82.7%	230,913	583,999	39.5%
1/1/01	1,244,543	1,429,966	87.0%	185,423	646,402	28.7%
1/1/03	1,165,709	1,700,202	68.6%	534,493	737,055	72.5%
1/1/05	1,588,682	2,099,123	75.7%	510,441	836,643	61.0%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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WEST GOSHEN TOWNSHIP
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES
 DECEMBER 31, 2006

	Special Revenue Funds				Totals		
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Zoning Hearing Board Fund	Capital Projects Fund	2006	2005
ASSETS:							
Cash and cash equivalents	\$ 116,745	\$ 4,440	\$ 86,125	\$ 79,358	\$ 50,651	\$ 337,319	\$ 605,133
TOTAL ASSETS	<u>\$ 116,745</u>	<u>\$ 4,440</u>	<u>\$ 86,125</u>	<u>\$ 79,358</u>	<u>\$ 50,651</u>	<u>\$ 337,319</u>	<u>\$ 605,133</u>
LIABILITIES AND FUND BALANCE:							
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE:							
Undesignated	116,745	4,440	86,125	79,358	50,651	337,319	605,133
Total Fund Balance	<u>116,745</u>	<u>4,440</u>	<u>86,125</u>	<u>79,358</u>	<u>50,651</u>	<u>337,319</u>	<u>605,133</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 116,745</u>	<u>\$ 4,440</u>	<u>\$ 86,125</u>	<u>\$ 79,358</u>	<u>\$ 50,651</u>	<u>\$ 337,319</u>	<u>\$ 605,133</u>

WEST GOSHEN TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds					Capital Projects Fund	Totals	
	State Fund	Parks and Recreation Fund	Offsite Development Fund	Hearing Board Fund	Zoning Fund		2006	2005
REVENUES:								
Interest and rent	\$ 19,036	\$ 182	\$ 13,186	\$ -	\$ -	\$ 651	\$ 33,055	\$ 18,810
Intergovernmental revenues	421,208	-	-	-	-	-	421,208	393,859
Charges for services	-	-	-	13,500	-	-	13,500	26,500
Contributions	-	-	32,500	-	-	50,000	82,500	12,500
TOTAL REVENUES	<u>440,244</u>	<u>182</u>	<u>45,686</u>	<u>13,500</u>	<u>13,500</u>	<u>50,651</u>	<u>550,263</u>	<u>451,669</u>
EXPENDITURES:								
Public safety	-	-	-	-	-	-	-	5,491
Public works - highways and streets	513,226	-	-	-	-	-	513,226	247,272
Miscellaneous	-	-	27	-	-	-	27	27
Debt service:								
Principal	-	-	-	-	-	-	-	10,858
TOTAL EXPENDITURES	<u>513,226</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,253</u>	<u>263,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(72,982)</u>	<u>182</u>	<u>45,659</u>	<u>13,500</u>	<u>13,500</u>	<u>50,651</u>	<u>37,010</u>	<u>188,021</u>
OTHER FINANCING SOURCES (USES):								
Interfund transfers	-	-	(304,824)	-	-	-	(304,824)	(225,576)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(304,824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(304,824)</u>	<u>(225,576)</u>
NET CHANGE IN FUND BALANCES	<u>(72,982)</u>	<u>182</u>	<u>(259,165)</u>	<u>13,500</u>	<u>13,500</u>	<u>50,651</u>	<u>(267,814)</u>	<u>(37,555)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>189,727</u>	<u>4,258</u>	<u>345,290</u>	<u>65,858</u>	<u>65,858</u>	<u>-</u>	<u>605,133</u>	<u>642,688</u>
FUND BALANCE, END OF YEAR	<u>\$ 116,745</u>	<u>\$ 4,440</u>	<u>\$ 86,125</u>	<u>\$ 79,358</u>	<u>\$ 79,358</u>	<u>\$ 50,651</u>	<u>\$ 337,319</u>	<u>\$ 605,133</u>

WEST GOSHEN TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE - CAPITAL RESERVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest earnings	\$ 157,572	\$ 228,905	71,333
Miscellaneous revenue	-	2,000	2,000
Grants	-	225,000	225,000
TOTAL REVENUES	<u>157,572</u>	<u>455,905</u>	<u>298,333</u>
EXPENDITURES			
Current:			
General government	-	6,227	(6,227)
Public works - highways and streets	406,500	397,960	8,540
Culture and recreation	806,300	939,489	(133,189)
Debt service			
Principal	559,000	559,000	-
Interest	276,186	285,034	(8,848)
TOTAL EXPENDITURES	<u>2,047,986</u>	<u>2,187,710</u>	<u>(139,724)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,890,414)</u>	<u>(1,731,805)</u>	<u>158,609</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	1,549,177	1,440,070	(109,107)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,549,177</u>	<u>1,440,070</u>	<u>(109,107)</u>
NET CHANGE IN FUND BALANCE	(341,237)	(291,735)	49,502
FUND BALANCE, BEGINNING OF YEAR	5,206,353	5,206,353	-
FUND BALANCE, END OF YEAR	<u>\$ 4,865,116</u>	<u>\$ 4,914,618</u>	<u>\$ 49,502</u>

WEST GOSHEN TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND TYPE - STATE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest earnings	\$ 6,076	\$ 19,036	12,960
State grants	418,769	421,208	2,439
TOTAL REVENUES	<u>424,845</u>	<u>440,244</u>	<u>15,399</u>
EXPENDITURES			
Current:			
Public works - highways and streets	552,762	513,226	39,536
TOTAL EXPENDITURES	<u>552,762</u>	<u>513,226</u>	<u>39,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(127,917)</u>	<u>(72,982)</u>	<u>54,935</u>
NET CHANGE IN FUND BALANCE	(127,917)	(72,982)	54,935
FUND BALANCE, BEGINNING OF YEAR	202,367	189,727	(12,640)
FUND BALANCE, END OF YEAR	<u>\$ 74,450</u>	<u>\$ 116,745</u>	<u>\$ 42,295</u>

WEST GOSHEN TOWNSHIP
 COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
 DECEMBER 31, 2006

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals
	2006	2006	2006	2006	2006	2005
ASSETS						
Cash and cash equivalents	\$540,190	\$562,128	\$1,437,819	\$ 581,811	\$ 319,283	\$ 972,296
Accrued receivables	-	-	12,141	-	-	4,954
Insurance contracts, at contract value	-	-	902,576	492,269	437,398	2,120,802
Investments, at market value:						
Mutual funds	-	-	5,369,346	2,258,165	1,355,294	8,946,657
TOTAL ASSETS	<u>\$540,190</u>	<u>\$562,128</u>	<u>\$7,721,882</u>	<u>\$3,332,245</u>	<u>\$2,111,975</u>	<u>\$12,044,709</u>
LIABILITIES AND NET ASSETS						
LIABILITIES	\$ -	\$ -	\$ 9,387	\$ -	\$ -	\$ -
NET ASSETS:						
ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>540,190</u>	<u>562,128</u>	<u>7,712,495</u>	<u>3,332,245</u>	<u>2,111,975</u>	<u>12,044,709</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$540,190</u>	<u>\$562,128</u>	<u>\$7,721,882</u>	<u>\$3,332,245</u>	<u>\$2,111,975</u>	<u>\$12,044,709</u>

WEST GOSHEN TOWNSHIP
 COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Police Retirement Insurance Fund	Non-Uniformed Insurance Fund	Police Pension Fund	Non-Uniformed Pension Fund	Sewer Pension Fund	Totals
	2006	2005	2006	2005	2006	2005
ADDITIONS						
Contributions:						
State aid	\$ 57,806	-	\$ 169,918	\$ 95,093	\$ 65,461	\$ 316,091
Employer contribution	-	86,832	205,878	115,215	79,315	534,829
Employee contribution	-	-	108,329	-	-	117,780
Total Contributions	57,806	86,832	484,125	210,308	144,776	968,700
Investment income:						
Net appreciation in fair value of investments	-	-	451,040	197,949	123,958	145,559
Realized gain on investments	19,801	-	292,393	123,658	78,830	319,714
Interest	19,801	19,372	225,397	102,783	65,261	335,369
Net Investment Income	19,801	19,372	968,830	424,390	268,049	800,642
TOTAL ADDITIONS	<u>77,607</u>	<u>106,204</u>	<u>1,452,955</u>	<u>634,698</u>	<u>412,825</u>	<u>1,769,342</u>
DEDUCTIONS						
Benefits paid	-	-	192,010	111,785	57,377	422,931
Administrative expenses	-	-	31,257	11,080	8,837	51,174
Other expenses	8,259	-	33,370	9,419	6,571	52,898
TOTAL DEDUCTIONS	<u>8,259</u>	<u>-</u>	<u>256,637</u>	<u>132,284</u>	<u>72,785</u>	<u>527,735</u>
CHANGE IN PLAN ASSETS	<u>69,348</u>	<u>106,204</u>	<u>1,196,318</u>	<u>502,414</u>	<u>340,040</u>	<u>1,241,607</u>
NET ASSETS, BEGINNING OF YEAR	<u>470,842</u>	<u>455,924</u>	<u>6,516,177</u>	<u>2,829,831</u>	<u>1,771,935</u>	<u>10,803,102</u>
NET ASSETS, END OF YEAR	<u>\$ 540,190</u>	<u>\$ 562,128</u>	<u>\$ 7,712,495</u>	<u>\$ 3,332,245</u>	<u>\$ 2,111,975</u>	<u>\$ 12,044,709</u>

WEST GOSHEN TOWNSHIP
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
ASSETS				
Cash and cash equivalents	\$ 66,569	\$ 166	\$ (47)	\$ 66,688
TOTAL ASSETS	<u>\$ 66,569</u>	<u>\$ 166</u>	<u>\$ (47)</u>	<u>\$ 66,688</u>
LIABILITIES				
Accounts payable	\$ 66,569	\$ 166	\$ (47)	\$ 66,688
TOTAL LIABILITIES	<u>\$ 66,569</u>	<u>\$ 166</u>	<u>\$ (47)</u>	<u>\$ 66,688</u>

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Historical Financial and General Information

STATISTICAL SECTION

Statistical

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 6,845,656	\$ 7,177,865	\$ 29,362,825 ¹	\$ 29,291,900	\$ 29,867,442
Restricted	3,402,147	4,601,458	4,912,249	5,206,353	4,914,618
Unrestricted	6,522,056	5,862,544	6,800,461	7,621,651	9,811,142
Total governmental activities net assets	\$ 16,769,859	\$ 17,641,867	\$ 41,075,535	\$ 42,119,904	\$ 44,593,202
Business-type activities					
Invested in capital assets, net of related debt	\$ 12,865,122	\$ 12,570,041	\$ 12,890,021	\$ 13,432,273	\$ 14,385,285
Restricted	7,878,389	7,931,475	7,711,315	9,151,259	9,288,289
Unrestricted	6,327,851	6,886,883	6,779,101	5,373,688	5,148,304
Total business-type activities net assets	\$ 27,071,362	\$ 27,388,399	\$ 27,380,437	\$ 27,957,220	\$ 28,821,878
Primary government					
Invested in capital assets, net of related debt	\$ 19,710,778	\$ 19,747,906	\$ 42,252,846	\$ 42,724,173	\$ 44,252,727
Restricted	11,280,536	12,532,933	12,623,564	14,357,612	14,202,907
Unrestricted	12,849,907	12,749,427	13,579,562	12,995,339	14,959,446
Total primary government net assets	\$ 43,841,221	\$ 45,030,266	\$ 68,455,972	\$ 70,077,124	\$ 73,415,080

Notes:

Fifth year of full-accrual basis accounting.

Prior years statistics are not available.

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

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General Government	\$ 1,555,814	\$ 1,686,167	\$ 1,669,859	\$ 1,645,510	\$ 1,786,077
Public Safety	3,848,571	4,217,326	4,481,480	4,880,795	4,875,689
Public Works - highways and streets	1,161,725	1,203,438	2,556,659 ¹	2,293,828	3,564,444
Other Public Works	96,828	110,063	135,560	114,056	128,088
Library	5,250	5,000	5,000	5,000	2,500
Culture and Recreation	875,077	853,745	924,619	944,821	974,352
Interest Expense	312,537	298,320	289,813	296,603	285,034
Total governmental activities expenses	7,855,802	8,374,059	10,062,990	10,180,613	11,616,184
Business-type activities:					
Sewer Operations	3,218,839	3,797,503	3,709,370	3,629,272	3,832,230
Waste and Recycling	1,240,565	1,342,917	1,368,059	1,384,567	1,513,684
Total business-type activities expenses	4,459,404	5,140,420	5,077,429	5,013,839	5,345,914
Total Primary Government Expenses	\$ 12,315,206	\$ 13,514,479	\$ 15,140,419	\$ 15,194,452	\$ 16,962,098
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 47,686	\$ 56,340	\$ 54,377	\$ 84,648	\$ 59,730
Public Safety	428,825	411,057	461,000	449,618	571,772
Culture and Recreation	183,887	166,835	103,152	72,081	156,726
Operating Grants and Contributions	765,037	861,059	799,994	851,335	900,305
Capital Grants and Contributions	526,850	74,841	40,000	187,413	403,396
Total governmental activities program revenues	1,952,285	1,570,132	1,458,523	1,645,095	2,091,929
Business-type activities:					
Charges for services:					
Sewer Operations	3,300,360	3,591,812	3,248,029	3,307,995	3,742,250
Waste and Recycling	1,318,833	1,346,757	1,358,002	1,365,572	1,370,204
Operating Grants and Contributions	145,069	134,824	246,287 ²	108,451	134,571
Capital Grants and Contributions	401,655	71,540	0	424,427 ⁴	245,954
Total business-type activities program revenues	5,165,917	5,144,933	4,852,318	5,206,445	5,492,979
Total Primary Government Program Revenues	\$ 7,118,202	\$ 6,715,065	\$ 6,310,841	\$ 6,851,540	\$ 7,584,908

	Fiscal Year			
	2002	2003	2004	2005
Net (expense)/revenue	\$ (5,903,517)	\$ (6,803,927)	\$ (8,604,467)	\$ (8,535,518)
Governmental activities	706,513	4,513	(225,111)	192,606
Business-type activities	<u>\$ (5,197,004)</u>	<u>\$ (6,799,414)</u>	<u>\$ (8,829,578)</u>	<u>\$ (8,342,912)</u>
Total primary government net expense				<u>\$ (9,377,190)</u>

General Revenues and Other Changes in Net Assets

	2002	2003	2004	2005	2006
Governmental activities:					
Taxes					
Real estate taxes	\$ 1,410,361	\$ 1,402,116	\$ 2,481,655	\$ 2,523,930	\$ 2,554,040
Real estate transfer taxes	786,958	807,367	921,849	744,094	783,750
Earned income taxes	5,228,193	5,071,263	5,113,634	5,632,133	6,708,791
Emergency Municipal Services Tax	-	-	-	-	942,371
Franchise fees	214,797	239,504	245,451	260,776	283,398
Investment earnings	165,213	106,601	145,472	360,705	627,618
Unrestricted grants and contributions	14,294	16,509	13,984	17,538	18,225
Miscellaneous	23,463	32,575	42,570	40,711	79,360
Total governmental activities	<u>7,843,279</u>	<u>7,675,935</u>	<u>8,964,615</u>	<u>9,579,887</u>	<u>11,997,553</u>
Business-type activities:					
Investment earnings	453,061	263,501	179,542	346,754	659,514
Miscellaneous	50,033	49,023	37,607	37,423	58,079
Total business-type activities	<u>503,094</u>	<u>312,524</u>	<u>217,149</u>	<u>384,177</u>	<u>717,593</u>
Total primary government	<u>\$ 8,346,373</u>	<u>\$ 7,988,459</u>	<u>\$ 9,181,764</u>	<u>\$ 9,964,064</u>	<u>\$ 12,715,146</u>

Change in Net Assets

Governmental activities	\$ 1,939,762	\$ 872,008	\$ 360,148	\$ 1,044,369	\$ 2,473,298
Business-type activities	1,209,607	317,037	(7,962)	576,783	864,658
Total primary government	<u>\$ 3,149,369</u>	<u>\$ 1,189,045</u>	<u>\$ 352,186</u>	<u>\$ 1,621,152</u>	<u>\$ 3,337,956</u>

Notes:

¹ The increase reflects depreciation expense from the valuation of infrastructure.

² The increase from the prior year was caused by an increase in Recycling Grant revenue.

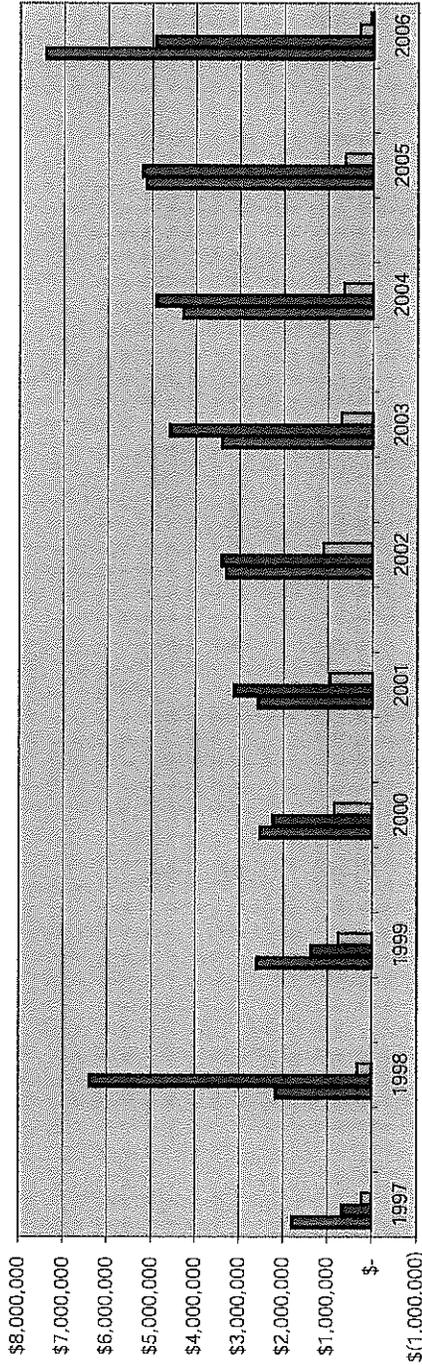
³ The increase from the prior year was the result of a 76% Real Estate Tax increase.

⁴ Dedication of sanitary sewer lines from the Wiltshire and Westtown Chase developments to the Sewer Authority.

Fifth year of full-accrual basis accounting.

Prior years statistics are not available.

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



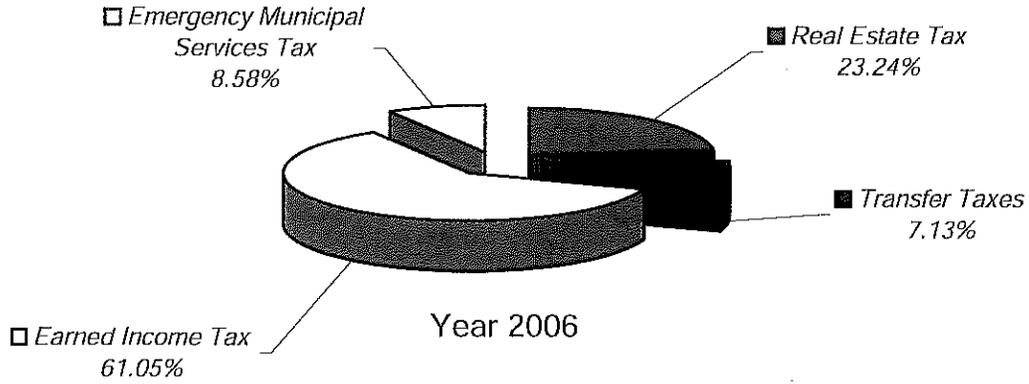
■ General fund ■ Capital Reserve Fund ■ Special revenue funds ■ Capital projects fund

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	1,798,344	2,175,027	2,601,685	2,530,597	2,579,729	3,300,757	3,405,106	4,292,181	5,127,853	7,415,233
Unreserved	\$ 1,798,344	\$ 2,175,027	\$ 2,601,685	\$ 2,530,597	\$ 2,579,729	\$ 3,300,757	\$ 3,405,106	\$ 4,292,181	\$ 5,127,853	\$ 7,415,233
Total general fund										
All other governmental funds										
Reserved - Capital Reserve Fund	\$ 669,437	\$ 6,390,638	\$ 1,370,634	\$ 2,242,594	\$ 3,121,816	\$ 3,402,147	\$ 4,601,172	\$ 4,912,249	\$ 5,206,353	\$ 4,914,618
Unreserved, reported in:										
Special revenue funds	219,689	319,730	762,383	843,159	949,567	1,108,966	688,940	642,688	605,133	286,668
Capital projects fund	0	0	(286)	(286)	(286)	(286)				50,651
Total all other governmental funds	\$ 889,126	\$ 6,710,368	\$ 2,132,731	\$ 3,085,467	\$ 4,071,097	\$ 4,510,827	\$ 5,290,112	\$ 5,554,937	\$ 5,811,486	\$ 5,251,937

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 4,640,935	\$ 5,191,384	\$ 5,542,439	\$ 6,304,170	\$ 6,629,442	\$ 7,272,386	\$ 7,385,577	\$ 8,392,482	\$ 8,856,569	\$ 10,819,333
Licenses and permits	98,653	111,407	126,980	141,097	294,757	219,950	243,859	273,814	266,385	288,043
Fines, forfeits and costs	144,926	170,382	183,085	213,787	190,680	187,112	152,729	180,987	181,130	212,941
Investment Earnings	102,787	414,646	364,175	366,426	279,155	177,501	118,727	156,984	388,986	660,280
Intergovernmental revenues	499,985	674,594	659,926	673,151	697,907	759,700	952,408	853,978	917,001	1,143,530
Charges for services/fees	241,454	275,615	312,828	347,598	313,302	320,845	351,453	340,268	378,827	455,480
Contributions	146,890	86,101	288,143	171,994	77,500	135,000	113,560	57,500	12,500	82,500
Miscellaneous revenue/other	9,269	99,064	243,306	47,090	26,177	23,463	33,753	31,718	20,804	18,420
Total Revenue	5,884,899	7,023,193	7,720,882	8,265,313	8,508,920	9,095,957	9,352,076	10,287,631	11,022,202	13,680,527
Expenditures										
General Government	621,130	1,867,480	730,833	876,714	1,097,701	1,386,408	1,550,790	1,582,454	1,680,525	1,662,389
Public Safety	2,432,611	2,722,765	2,812,791	3,075,046	3,495,538	3,816,987	4,030,854	4,416,172	4,839,827	4,832,442
Public Works - highways and streets	795,703	996,359	774,146	934,985	943,540	618,378	1,130,538	1,359,534	1,455,812	2,859,642
Other public works	0	0	57,299	64,523	96,498	96,828	110,063	133,130	114,056	150,047
Library	0	4,000	4,000	5,250	5,250	5,250	5,000	5,000	5,000	2,500
Culture and Recreation	987,924	446,222	542,053	732,637	660,295	759,634	775,966	868,351	1,087,112	1,813,080
Insurance/employee benefits/payroll taxes	250,500	394,654	255,009	329,902	436,642	0	0	0	0	0
Capital Outlay	0	0	6,103,248	482,466	0	459,518	158,976	0	0	0
Miscellaneous expenditures	0	3,120	14,177	82,544	21,660	27,655	27	27	27	27
Debt service										
Principal	151,000	250,000	669,000	400,000	423,000	481,719	517,759	563,267	641,163	725,416
Interest and other charges	107,320	239,841	333,744	399,598	354,973	312,537	298,320	289,813	296,603	285,034
Total expenditures	5,346,188	6,924,441	12,296,300	7,383,665	7,535,097	7,964,914	8,578,293	9,207,748	10,120,125	12,330,577
Excess of revenues over (under) expenditures	538,711	98,752	(4,575,418)	881,648	973,823	1,131,043	773,783	1,079,883	902,077	1,349,950
Other financing sources (uses)										
Transfers in	1,383,460	1,021,072	1,685,590	2,324,292	1,561,959	1,072,126	2,159,012	1,113,231	1,354,962	1,440,070
Transfers out	(877,676)	(982,954)	(1,685,590)	(2,324,292)	(1,561,959)	(1,072,126)	(2,159,012)	(1,113,231)	(1,354,962)	(1,440,070)
Proceeds from debt	0	6,500,000	0	0	0	0	0	0	0	0
Proceeds from Capital leases	0	0	0	0	0	29,715	104,907	57,127	170,835	336,506
Sales of capital assets	0	3,222	0	0	0	4,944	4,944	14,890	19,309	41,375
Total other financing sources (uses)	505,784	6,541,340	0	0	0	29,715	109,851	72,017	190,144	377,881
Net change in fund balances	\$ 1,044,495	\$ 6,640,092	\$ (4,575,418)	\$ 881,648	\$ 973,823	\$ 1,160,758	\$ 883,634	\$ 1,151,900	\$ 1,092,221	\$ 1,727,831
Debt service as a percentage of noncapital expenditures	2.8%	3.6%	10.8%	5.8%	5.6%	6.4%	6.1%	6.1%	6.3%	5.9%

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

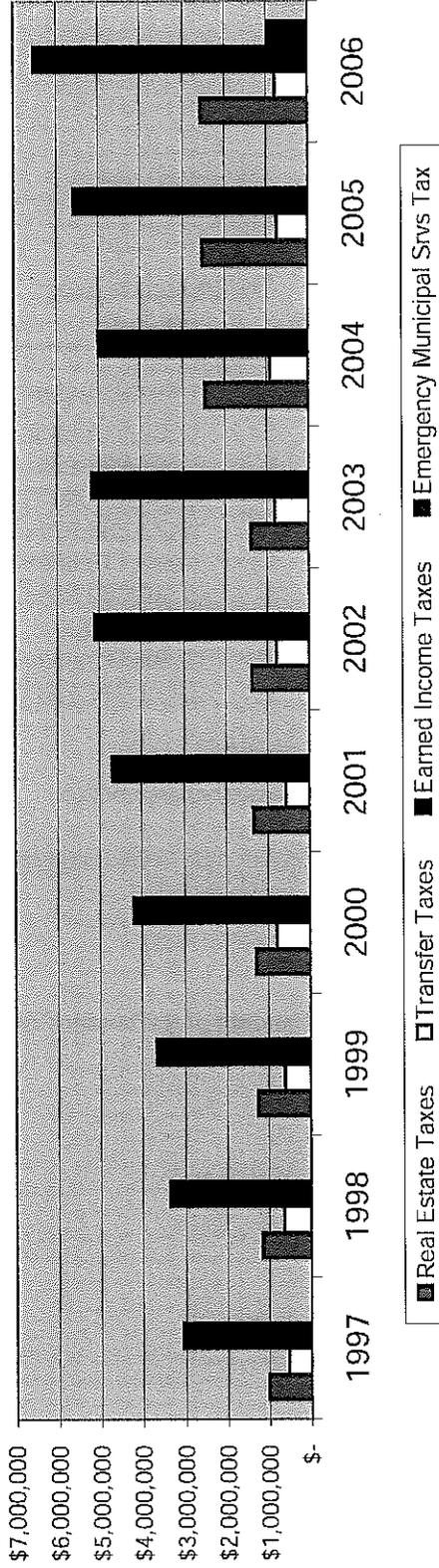


Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Earned Income Tax	Emergency Municipal Services Tax	Total
2002	\$ 1,410,361	\$ 786,958	\$ 5,228,193	-	\$ 7,425,512
% of total	18.99%	10.60%	70.41%		100.00%
2003	1,402,116	807,367	5,071,263	-	7,280,746
% of total	19.26%	11.09%	69.65%		100.00%
2004	2,481,655	921,849	5,113,634	-	8,517,138
% of total	29.14%	10.82%	60.04%		100.00%
2005	2,523,930	744,094	5,632,133	-	8,900,157
% of total	28.36%	8.36%	63.28%		100.00%
2006	2,554,040	783,750	6,708,791	942,371	10,988,952
% of total	23.24%	7.13%	61.05%	8.58%	100.00%

Notes:

Fifth year of full-accrual basis accounting.
 Prior years statistics are not available.
 Emergency Municipal Services Tax enacted on 1/1/2006.

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



Fiscal Year	Real Estate Taxes		Earned Income Taxes		Emergency Municipal Services Tax		Total
	Real Estate Taxes	Transfer Taxes	Earned Income Taxes	Emergency Municipal Services Tax	Emergency Municipal Services Tax	Total	
1997	\$ 1,023,290	\$ 542,246	\$ 3,075,399	\$ -	\$ -	\$ 4,640,935	
1998	\$ 1,172,057	\$ 649,066	\$ 3,370,261	\$ -	\$ -	\$ 5,191,384	
1999	\$ 1,255,030	\$ 612,024	\$ 3,675,385	\$ -	\$ -	\$ 5,542,439	
2000	\$ 1,306,588	\$ 797,793	\$ 4,199,789	\$ -	\$ -	\$ 6,304,170	
2001	\$ 1,356,405	\$ 565,623	\$ 4,707,414	\$ -	\$ -	\$ 6,629,442	
2002	\$ 1,374,891	\$ 786,958	\$ 5,110,537	\$ -	\$ -	\$ 7,272,386	
2003	\$ 1,396,947	\$ 807,367	\$ 5,181,263	\$ -	\$ -	\$ 7,385,577	
2004	\$ 2,466,999	\$ 921,849	\$ 5,003,634	\$ -	\$ -	\$ 8,392,482	
2005	\$ 2,524,343	\$ 744,094	\$ 5,588,133	\$ -	\$ -	\$ 8,856,570	
2006	\$ 2,560,421	\$ 783,750	\$ 6,532,791	\$ 942,371	\$ 2	\$ 10,819,335	

Notes:

¹ Tax increase of 76% over prior year.

² Emergency Municipal Services Tax enacted 1/1/2006.

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

<u>Fiscal Year</u>	<u>Real Estate Assessed Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>	<u>Estimated Actual Value ¹</u>	<u>Real Estate Millage Rate</u>
1997	\$ 88,682,950	6.47%	\$ 1,370,679,289	11.50
1998 ²	\$ 1,382,319,830	100.00%	\$ 1,382,319,830	0.85
1999	\$ 1,611,198,090	93.46%	\$ 1,723,981,956	0.85
2000	\$ 1,496,154,060	90.09%	\$ 1,660,731,007	0.85
2001	\$ 1,557,579,980	85.47%	\$ 1,822,368,577	0.85
2002	\$ 1,610,621,475	80.65%	\$ 1,997,170,629	0.85
2003	\$ 1,662,970,630	74.07%	\$ 2,245,010,351	0.85
2004 ³	\$ 1,663,883,667	60.61%	\$ 2,745,408,051	1.50
2005	\$ 1,686,941,565	60.61%	\$ 2,783,453,582	1.50
2006	\$ 1,720,874,612	54.95%	\$ 3,131,991,794	1.50

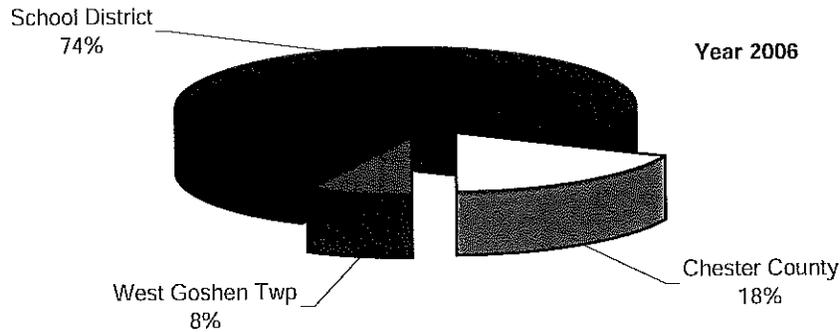
Note: (1) Common level ratio used by Chester County, Pennsylvania, Board of Assessments.

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

Note (3) Real Estate tax increase of 76% over prior year.

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

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



Fiscal Year	West Goshen Township	School District	Chester County	Total Millage
1997	11.500	154.600	34.650	200.750
<i>Percent of total</i>	<i>5.73%</i>	<i>77.01%</i>	<i>17.26%</i>	<i>100.00%</i>
1998	0.850	10.690	2.348	13.888
<i>Percent of total</i>	<i>6.12%</i>	<i>76.97%</i>	<i>16.91%</i>	<i>100.00%</i>
1999	0.850	11.060	2.348	14.258
<i>Percent of total</i>	<i>5.96%</i>	<i>77.57%</i>	<i>16.47%</i>	<i>100.00%</i>
2000	0.850	11.380	3.014	15.244
<i>Percent of total</i>	<i>5.58%</i>	<i>74.65%</i>	<i>19.77%</i>	<i>100.00%</i>
2001	0.850	11.630	3.103	15.583
<i>Percent of total</i>	<i>5.45%</i>	<i>74.63%</i>	<i>19.91%</i>	<i>100.00%</i>
2002	0.850	12.110	3.178	16.138
<i>Percent of total</i>	<i>5.27%</i>	<i>75.04%</i>	<i>19.69%</i>	<i>100.00%</i>
2003	0.850	12.590	3.273	16.713
<i>Percent of total</i>	<i>5.09%</i>	<i>75.33%</i>	<i>19.58%</i>	<i>100.00%</i>
2004	1.500	13.550	3.414	18.464
<i>Percent of total</i>	<i>8.12%</i>	<i>73.39%</i>	<i>18.49%</i>	<i>100.00%</i>
2005	1.500	14.320	3.558	19.378
<i>Percent of total</i>	<i>7.74%</i>	<i>73.90%</i>	<i>18.36%</i>	<i>100.00%</i>
2006	1.500	15.160	3.699	20.359
<i>Percent of total</i>	<i>7.37%</i>	<i>74.46%</i>	<i>18.17%</i>	<i>100.00%</i>

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

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

**West Goshen Township
Principal Property Taxpayers
December 31, 2006**

Taxpayer	2006			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QVC Realty, Inc	\$ 48,371,130	1	2.81%	\$ 48,371,130	1	2.87%
Home Properties Golf Club, LLC	\$ 14,780,750	2	0.86%	\$ 14,905,530	3	0.88%
Goshen Terrace Apartments	\$ 14,198,300	3	0.83%	\$ 14,198,300	4	0.84%
Capital Enterprises, Inc	\$ 13,832,000	4	0.80%	\$ 15,145,770	2	0.90%
Cephalon, Inc.	\$ 8,826,340	5	0.51%	\$ 8,826,340	5	0.52%
Fern Hill LLC	\$ 8,051,160	6	0.47%	N/C	N/C	N/C
Cambridge Apartments	\$ 7,948,790	7	0.46%	\$ 7,948,790	6	0.47%
Halstead Apartments LTD	\$ 7,454,310	8	0.43%	\$ 7,366,820	7	0.44%
Pyle Corporation	\$ 7,336,950	9	0.43%	\$ 7,336,950	8	0.43%
Turks Head Health Services, Inc.	\$ 6,799,320	10	0.40%	\$ 6,799,320	9	0.40%
	<u>\$ 137,599,050</u>		<u>8.00%</u>	<u>\$ 130,898,950</u>		<u>7.76%</u>

Note: Total taxable assessed value, all real property in West Goshen Township, December 31, 2006, \$1,720,874,612

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

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 1,017,666	\$ 1,013,512	99.59%	\$ 9,779	\$ 1,023,291	100.55%
1998	\$ 1,174,972	\$ 1,145,068	97.45%	\$ 26,989	\$ 1,172,057	99.75%
1999	\$ 1,369,518	\$ 1,232,877	90.02%	\$ 22,153	\$ 1,255,030	91.64%
2000	\$ 1,271,731	\$ 1,282,083	100.81%	\$ 24,505	\$ 1,306,588	102.74%
2001	\$ 1,323,943	\$ 1,333,601	100.73%	\$ 22,804	\$ 1,356,405	102.45%
2002	\$ 1,368,700	\$ 1,350,665	98.68%	\$ 24,226	\$ 1,374,891	100.45%
2003	\$ 1,419,530	\$ 1,369,537	96.48%	\$ 27,410	\$ 1,396,947	98.41%
2004	\$ 2,527,722	\$ 2,441,287	96.58%	\$ 25,712	\$ 2,466,999	97.60%
2005	\$ 2,530,429	\$ 2,493,327	98.53%	\$ 31,016	\$ 2,524,343	99.76%
2006	\$ 2,565,346	\$ 2,522,936	98.35%	\$ 37,484	\$ 2,560,420	99.81%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Debt</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1997	19,579	\$ 88,682,950	\$ 3,065,000	\$ -	\$ 3,065,000	3.46%	\$ 157
1998	19,749	\$ 1,382,319,830	\$ 9,315,000	\$ -	\$ 9,315,000	0.67%	\$ 472
1999	19,993	\$ 1,611,198,090	\$ 8,646,000	\$ -	\$ 8,646,000	0.54%	\$ 432
2000	20,495	\$ 1,496,154,060	\$ 8,246,000	\$ -	\$ 8,246,000	0.55%	\$ 402
2001	20,729	\$ 1,557,579,980	\$ 7,823,000	\$ -	\$ 7,823,000	0.50%	\$ 377
2002	20,881	\$ 1,610,621,475	\$ 7,376,000	\$ 19,246	\$ 7,395,246	0.46%	\$ 354
2003	21,047	\$ 1,662,970,630	\$ 6,904,000	\$ 78,394	\$ 6,982,394	0.42%	\$ 332
2004	21,174	\$ 1,663,883,667	\$ 6,404,000	\$ 72,254	\$ 6,476,254	0.39%	\$ 306
2005	21,416	\$ 1,686,941,565	\$ 5,876,000	\$ 129,926	\$ 6,005,926	0.36%	\$ 280
2006	21,658	\$ 1,720,874,612	\$ 5,317,000	\$ 300,016	\$ 5,617,016	0.33%	\$ 259

Note: US Census Bureau 2006 population estimate not yet available. Projection established using 10-year trend.

Sources: US Census Bureau Population Estimates Program (1996-1999 and 2001-2004) and Census 2000; West Goshen Township Finance Department projection (2006).
Board of Assessments.
West Goshen Township Annual financial statements.

**West Goshen Township
Direct and Overlapping Governmental Activities Debt
as of December 31, 2006**

<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	\$ 5,317,000	100.00%	\$ 5,317,000
OVERLAPPING DEBT:			
County of Chester	\$ 313,940,000	4.97%	<u>\$ 15,613,076</u>
TOTAL			<u>\$ 20,930,076</u>

Note:

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, 2006

	Year Ended December 31,		
	2006	2005	2004
Total Revenues	\$ 21,774,046	\$ 17,499,816	\$ 15,993,935
Deduct excludable items under Section 8002©(16) of the Act:			
Nonrecurring items:			
Grants and gifts in aid	624,795	594,835	562,012
Proceeds from general long-term debt	377,881	190,144	72,017
Total Revenues as Defined in Section 8002©(16) of the Act	\$ 20,771,370	\$ 16,714,837	\$ 15,359,906
Total Revenues as Defined in Section 8002[c][16] of the Act for the three years ended December 31, 2004			\$ 52,846,113
Borrowing Base - Arithmetic Average of Total Revenues			\$ 17,615,371
Debt Limit			250%
Debt Limitation			\$ 44,038,428

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

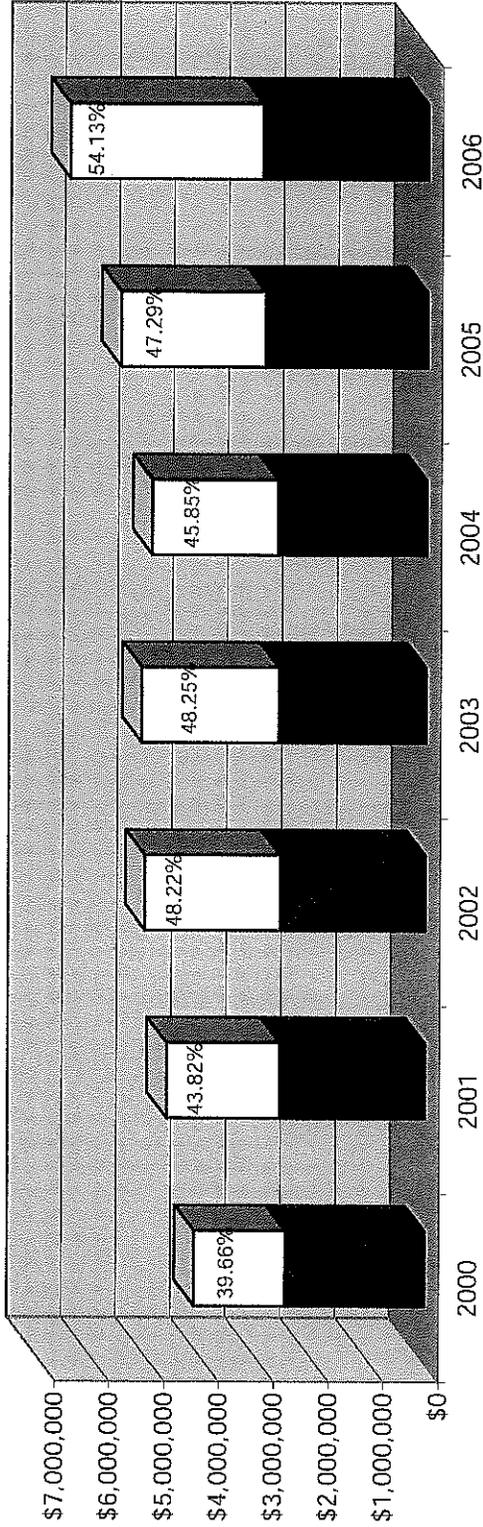
West Goshen Township
 Legal Debt Margin Information
 Last Ten Years
 (amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 10,535	\$ 154,802	\$ 178,202	\$ 167,662	\$ 175,353	\$ 181,622	\$ 187,822	\$ 188,425	\$ 191,549	\$ 194,693
Total net debt applicable to limit	3,065	9,315	8,646	8,246	7,823	7,376	6,904	6,404	5,876	5,317
Legal debt margin	\$ 7,470	\$ 145,487	\$ 169,556	\$ 159,416	\$ 167,530	\$ 174,246	\$ 180,918	\$ 182,021	\$ 185,673	\$ 189,376
Total net debt applicable to the limit as a percentage of debt limit	29.09%	6.02%	4.85%	4.92%	4.46%	4.06%	3.68%	3.40%	3.07%	2.73%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 1,720,875
Add back: exempt real property	\$ 226,058
Total assessed value	<u>\$ 1,946,933</u>
Debt limit (10% of total assessed value)	194,693
Debt applicable to limit:	
General obligation bonds	5,317
Total net debt applicable to limit	<u>5,317</u>
Legal debt margin	<u>\$ 189,376</u>

West Goshen Township
Earned Income Tax Revenue
Last seven years



■ Resident collections □ Non-resident collections

	2000	2001	2002	2003	2004	2005	2006
Resident collections	\$2,534,051	\$2,644,805	\$2,645,989	\$2,681,341	\$2,709,509	\$2,945,330	\$2,996,875
% of total	60.34%	56.18%	51.78%	51.75%	54.15%	52.71%	45.87%
Non-resident collections	1,665,738	2,062,609	2,464,548	2,499,922	2,294,125	2,642,803	3,535,916
% of total	39.66%	43.82%	48.22%	48.25%	45.85%	47.29%	54.13%
Total earned income tax collected	\$4,199,789	\$4,707,414	\$5,110,537	\$5,181,263	\$5,003,634	\$5,588,133	\$6,532,791

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.
 Year 2004 - 2 highly compensated, non-residents moved into a taxing jurisdiction.

Source:
 West Goshen Township Finance Department and Berkeimer Administrators.

**West Goshen Township
Resident Earned Income Statistics
Direct and Overlapping Resident Statistics**

	DIRECT:											OVERLAPPING:										
	West Goshen Township											West Chester Area School District Municipalities										
	Individuals			# of Employers			Employers			Total		Taxables		On file		Closed/ Bankrupt		Total Open Employers		Average Earnings		
	On file	Exempts	Total	On file	On file	Bankrupt	Closed/ Bankrupt	Total Open Employers	Average Earnings		On file	Exempts	Total	On file	Bankrupt	Total Open Employers	Average Earnings					
1996	21,455	5,062	16,393	2,176	379	1,797	N/A			105,202	22,599	82,603	7,122	1,725	5,397	N/A						
1997	21,832	5,372	16,460	2,279	945	1,334	\$37,157			108,356	24,201	84,155	7,487	2,701	4,786	\$38,088						
1998	21,697	5,483	16,214	2,349	1,090	1,259	\$39,746			110,320	24,813	85,507	7,762	3,228	4,534	\$41,121						
1999	22,008	5,593	16,415	2,453	1,176	1,277	\$42,685			114,236	25,468	88,768	8,183	3,760	4,423	\$43,141						
2000	23,145	5,755	17,390	2,364	979	1,385	\$44,726			119,272	26,277	92,995	7,757	2,887	4,870	\$76,316						
2001	23,504	5,794	17,710	2,489	1,027	1,462	\$46,064			120,444	26,414	94,030	8,139	3,058	5,081	\$53,360						
2002	23,580	5,794	17,786	2,619	1,065	1,554	\$43,597			122,758	25,785	96,973	8,735	3,184	5,551	\$50,593						
2003	23,939	5,681	18,258	2,709	1,089	1,620	\$43,713			127,787	26,407	101,380	9,248	3,299	5,949	\$44,626						
2004	25,481	5,799	19,682	2,829	1,161	1,668	\$50,507			129,601	26,709	102,892	9,510	3,464	6,046	\$52,133						
2005	25,466	5,818	19,648	2,929	1,168	1,761	\$49,342			132,767	27,387	105,380	10,081	3,608	6,473	\$54,150						

Notes:

2006 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**

Taxpayer	2006			2005		
	Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
QVC Publishing Inc	2,140	1	8.0%	2,097	2	7.8%
United Parcel Service	1,698	2	6.3%	2,646	1	9.9%
A. Duie Pyle, Inc.	914	3	3.4%	895	5	3.3%
Chester County Courthouse	911	4	3.4%	945	3	3.5%
West Chester School W Goshen	907	5	3.4%	902	4	3.4%
Atlantic Coast Athletic Club (ACAC)	601	6	2.2%	546	7	2.0%
Krapfs Coaches Inc	432	7	1.6%	N/A	N/A	N/A
Cephalon, Inc.	353	8	1.3%	534	8	2.0%
Comcast Cablevision	340	9	1.3%	369	9	1.4%
KTM Supermarkets Inc	325	10	1.2%	N/A	N/A	N/A
Total, 10 largest employers	8,621		32.1%	8,934		33.3%
Note: Total employment in West Goshen Township subject to Earned Income Tax	26,826			27,514		

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

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

Function	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Code Enforcement										
Building permits	425	490	545	499	474	457	413	633	757	918
New construction	106	143	142	102	70	91	46	36	15	36
Additions & alterations	175	171	229	225	228	242	220	287	200	204
Subdivision plans	8	6	28	25	20	9	9	2	8	2
Lots approved	36	56	67	113	43	14	65	11	2	246
Zoning appeals	7	16	6	12	12	10	11	8	10	8
Land development	27	23	5	7	7	9	14	10	17	16
Police										
Physical arrests	1,156	895	987	1,542	838	1,142	1,384	1,330	944	938
Traffic violations	3,429	3,950	3,898	3,924	3,129	3,130	2,738	3,090	3,042	2,898
Parking violations	321	385	414	424	549	382	321	486	346	340
Alarm violations	1,441	1,544	1,547	1,604	1,299	1,478	1,348	1,287	1,151	1,255
Fire										
Number of calls answered	n/a	65	77	72						
Inspections	n/a	286	474	466						
Highways and streets										
Street resurfacing (miles)	2.92	3.05	3.20	3.07	3.38	2.10	3.40	3.66	1.92	4.08
Culture and Recreation										
Summer recreation program registrations	n/a	n/a	358	333	315	364	335	294	317	347
Summer sports clinic registrations	n/a	n/a	156	146	168	143	84	102	102	119
Park/pavilion permits issued	114	124	118	130	107	116	102	104	110	60

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

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

Function	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Building	0	0	1	1	1	1	1	1	1	1
Highways and streets										
Building	0	0	1	1	1	1	1	1	1	1
Streets (miles)	77.5	77.6	79.65	79.73	80.92	82.49	82.49	84.69	84.69	84.69
Bridges	1	1	1	1	1	1	1	1	2	2
Traffic Signals	25	25	25	25	25	26	26	26	27	27
Culture and recreation										
Parks acreage	106.3	106.3	109.5	109.5	109.5	112.7	112.7	112.7	112.7	112.7
Parks	11	11	12	12	12	13	13	13	13	13
Tennis courts	2	2	4	4	4	4	4	4	4	6
Baseball fields	4	4	4	4	4	4	4	4	4	4
Basketball courts	3	3	3	3	3	3	3	3	3	3
Volleyball court	2	2	2	2	2	2	2	2	2	2
Soccer/multipurpose field	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Pavilions	3	3	3	3	3	3	3	2	2	2
Maintenance garage	0	0	0	0	0	0	0	1	1	1

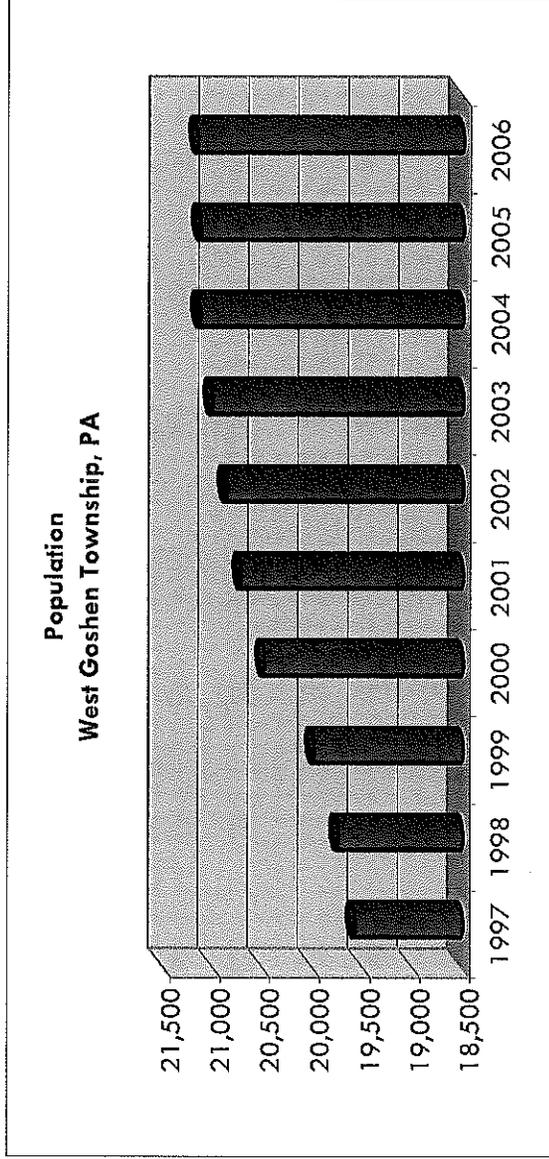
Source: Various township departments.
 Note: No capital assets indicators are available for the general government function.

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

Function	Full-time Equivalent Employees as of December 31									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government	10	11	14	13	13	15	15	14	14	15
Public Safety	26	26	26	26	26	26	26	26	26	25
Officers	2	2	2	2	4	4	4	4	4	2
Dispatchers	2	2	2	2	2	2	2	3	3	3
Administration	1	1	1	1	1	1	1	2	2	2
Code Inspectors	0	0	0	0	0	0	0	1	1	1
Fire Marshal										
Highways and streets	7	7	7	7	8	8	9	9	9	10
Culture and recreation	5	7	6	6	8	9	9	8	9	10
Sewer	<u>12</u>	<u>13</u>	<u>14</u>	<u>16</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>14</u>
Total	65	69	72	73	75	80	81	81	82	82

West Goshen Township
Population Statistics
Last Ten Years

Population statistics - West Goshen Township, PA

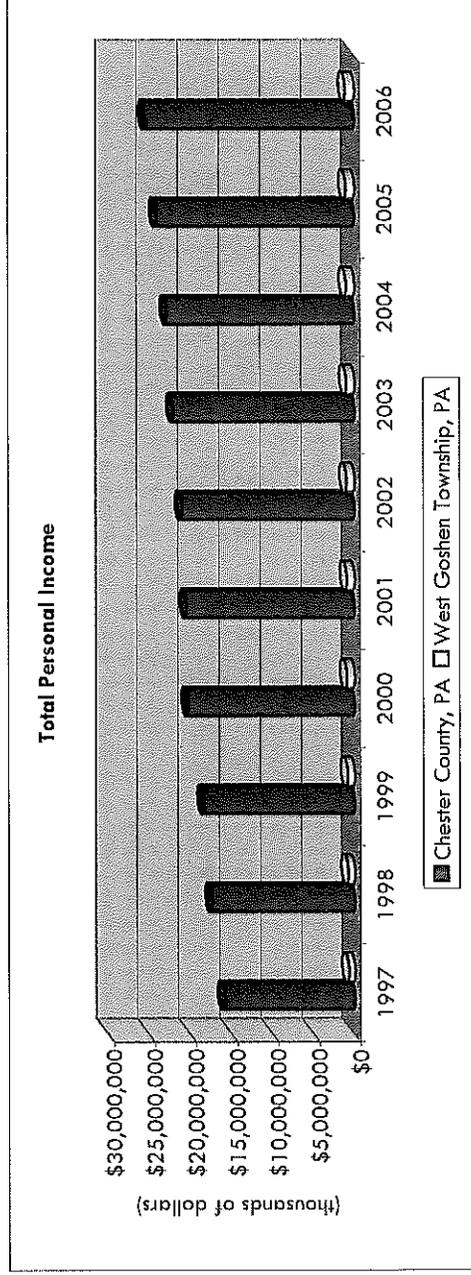


Population	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
West Goshen Township, PA	19,579	19,749	19,993	20,495	20,727	20,876	21,017	21,144	21,138	21,168

Source: US Census Bureau Population Estimates Program (1997-1999 and 2001-2006) and Census 2000.

West Goshen Township
Total Personal Income
Last Ten Years

Total personal income - Chester County, PA



Total Personal Income (thousands of dollars)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chester County, PA	\$15,889,995	\$17,418,630	\$18,331,900	\$20,245,121	\$20,476,687	\$21,010,850	\$22,013,700	\$22,783,356	\$24,059,115	\$25,423,225
West Goshen Township, PA	\$750,676	\$818,019	\$856,221	\$957,146	\$959,320	\$974,766	\$1,011,334	\$1,034,289	\$1,073,542	\$1,116,253

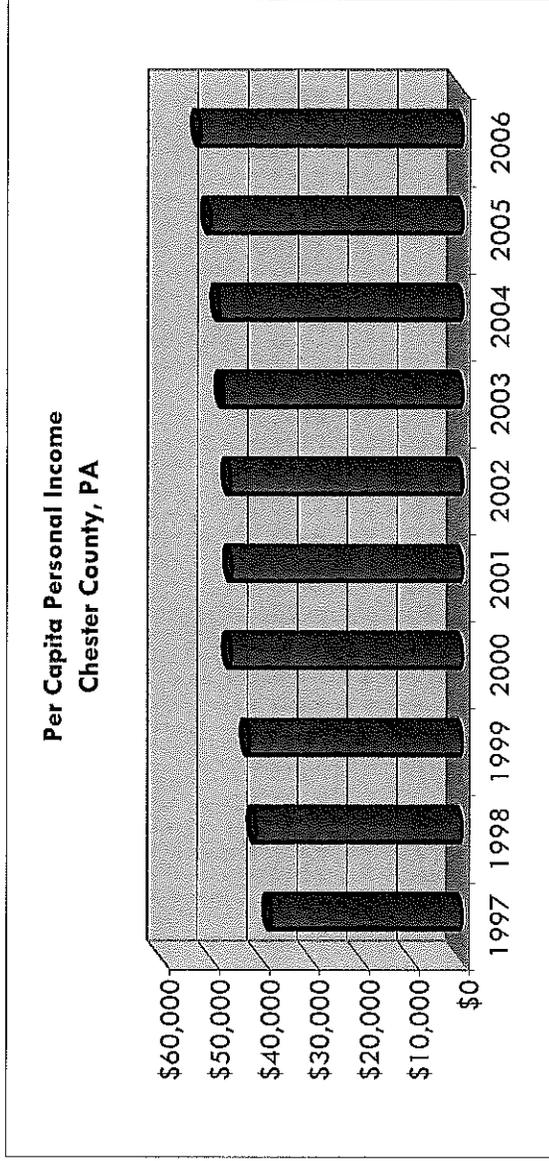
Note: Total personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate. Township data is estimated.

Bureau of Economic Analysis 2006 local area personal income estimate not yet available. Projection established using 10-year trend.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (1997-2005); West Goshen Township Finance Department projection (2006).

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

Per capita personal income - Chester County, PA



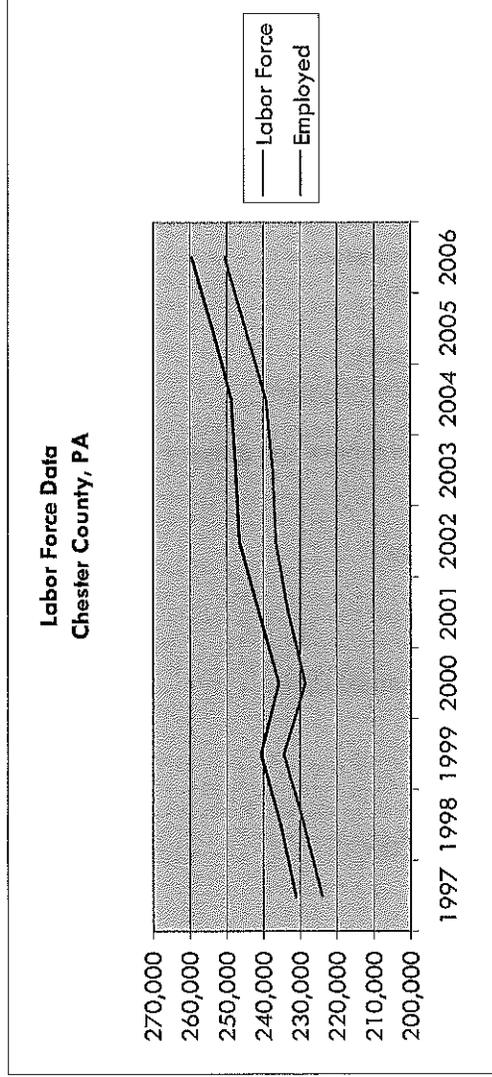
Per Capita Personal Income	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chester County, PA	\$38,341	\$41,421	\$42,826	\$46,448	\$46,284	\$46,693	\$48,120	\$48,916	\$50,787	\$52,788

Note: Per capita personal income data not available by minor civil division. County data is provided since it is generally representative of the area's economic climate.
Bureau of Economic Analysis 2006 local area personal income estimate not yet available. Projection established using 10-year trend.

Source: Bureau of Economic Analysis Local Area Personal Income estimates (1997-2005); West Goshen Township Finance Department projection (2006).

West Goshen Township
 Labor Force Data
 Last Ten Years

Labor Force Data - Chester County, PA



Chester County, PA	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Labor Force	231,210	235,308	240,710	235,821	241,251	246,619	247,563	248,735	253,956	259,490
Employed	224,040	228,930	234,460	228,596	233,166	236,652	237,532	239,311	244,879	250,518
Unemployment Rate	3.1%	2.7%	2.6%	3.1%	3.4%	4.0%	4.1%	3.8%	3.6%	3.5%
Pennsylvania Rate	N/A	N/A	4.4%	4.2%	4.8%	5.6%	5.7%	5.4%	5.0%	4.7%
US Rate	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%

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

Source: Bureau of Labor Statistics Local Area Unemployment Statistics.

West Goshen Township

Miscellaneous Statistics

December 31, 2006

Date founded:	1817	
Form of government:	Second Class Township	
Area:	12 square miles	
Miles of Roads:	85 miles - municipal roads 40 miles - state roads	
Fire/Ambulance protection:	1 volunteer fire company 1 volunteer ambulance company	Fame Fire Company Good Fellowship
Police Protection:	25 full-time police personnel and officers	
Education:	2 Elementary schools 2 Middle Schools 1 High Schools	
Main Township Parks:	West Goshen Community Park Stoneybrook Park Coopersmith Park Barker Park Hallowell Park Robert E. Lambert Park	32.0 acres 22.2 acres 15.2 acres 11.5 acres 8.2 acres 3.2 acres

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INDEPENDENT AUDITORS' 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

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May 4, 2007

Board of Supervisors
West Goshen Township
West Chester, Pennsylvania

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Goshen Township, West Chester, Pennsylvania as of and for the year ended December 31, 2006, which collectively comprise West Goshen Township's basic financial statements, and have issued our report thereon dated May 4, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Board of Supervisors
West Goshen Township
West Chester, Pennsylvania

Compliance and Other Matters

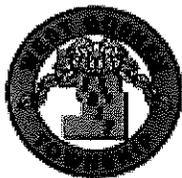
As part of obtaining reasonable assurance about whether West Goshen Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

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


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