

**AGENDA**  
**EAST GOSHEN TOWNSHIP**  
**BOARD OF SUPERVISORS MEETING**  
**Tuesday, July 7, 2009**  
**8:00 PM**

**1. CALL TO ORDER, PLEDGE OF ALLEGIANCE**

The Chairman will ask if any resident will be recording the meeting.

**2. PUBLIC COMMENT (OPTIONAL)**

**3. APPROVAL OF MINUTES**

- A. June 23, 2009 – to be handed out at meeting
- B. June 25, 2009

**4. CHAIRMAN'S REPORT**

- A. Announce that the Board met in executive session to discuss strategy related to police labor negotiations.

**5. PUBLIC HEARINGS**

**6. STAFF REPORT**

- A. Treasurer's Report
- B. Police – none

**7. OLD BUSINESS**

- A. Consider Ron Zeleski concerns about the Deer Management Program.

**8. NEW BUSINESS**

- A. Consider awarding bid for cleaning services of the Township Building, Blacksmith Shop and District Court Building.
- B. Consider awarding bid for labor and equipment for the tree trimming and removal.
- C. Determine the Board's position with respect to the Mummert variance request for 1417 Center Street.

**9. ANY OTHER MATTER**

**10. CORRESPONDENCE, REPORTS OF INTEREST**

- A. Acknowledge receipt of plan depicting the recreation area for the Pennsylvania Leadership Charter School at 1585 Paoli Pike.
- B. Acknowledge the Township's Annual Financial Report for 2008.
- C. Acknowledge the Municipal Authority Financial Report for 2008.

## 11. MEETINGS AND DATES OF IMPORTANCE

July 3, 2009	Township Office Closed	
July 7, 2009	Board of Supervisors	7:00 PM
July 8, 2009	Conservancy Board	7:00 PM
July 9, 2009	Historical Commission	7:00 PM
July 13, 2009	Municipal Authority	7:00 PM
July 14, 2009	Board of Supervisors ws	7:00 PM
July 20, 2009	Deer Committee	7:00 PM
July 21, 2009	Board of Supervisors	7:00 PM
July 28, 2009	Board of Supervisors ws	9:00 AM
August 3, 2009	Deer Committee ws	7:00 PM
August 4, 2009	Board of Supervisors	7:00 PM
August 5, 2009	Planning Commission	7:00 PM
August 6, 2009	Park & Recreation	7:00 PM
August 10, 2009	Municipal Authority	7:00 PM
August 11, 2009	Board of Supervisors ws	7:00 PM
August 12, 2009	Conservancy Board	7:00 PM
August 13, 2009	Historical Commission	7:00 PM

## 12. ADJOURNMENT

**BOARD OF SUPERVISORS MEETING**

**WORKSHOP**

**Tuesday**

**July 7, 2009**

**7:00 PM**

**EXECUTIVE SESSION 7 PM – Police Arbitration**

**Workshop continued**

1. Review meeting agenda
2. Review invoices
3. Review the draft Fourth Supplemental Lease Agreement with the Municipal Authority.
4. Review the To Do schedule
5. Consider Zoning Officer's recommendation for the Fox property at 1711 East Boot Road.
6. Any Other Matter
7. Liaison Reports
8. Subdivisions/Land Developments/ZHB Applications
9. Public Comment
10. FYI
  - a. CCHD Letter
  - b. Westtown Township Planning Commission Minutes
  - c. Shulski Letter
  - d. Mummert 1000 ft. Letter

Reminder –

**NEWSLETTER ARTICLE SUBMISSION DUE DATES:**

August 12, 2009

November 10, 2009

**DELIVERY DATE:**

October 1, 2009

January 1, 2010

**EAST GOSHEN TOWNSHIP  
BOARD OF SUPERVISORS WORKSHOP  
1580 PAOLI PIKE  
June 25, 2009 – 9:00am**

**Present:** Chairman Marty Shane, Don McConathy, Joe McDonough, Carmen Battavio and Thom Clapper. Also present were Township Manager Rick Smith, Assistant Township Manager Joe Gill, Director of Finance Deb Beury, and Director of Public Works Mark Miller.

**WORKSHOP**

**Call to Order & Pledge of Allegiance**

Chairman Marty Shane called the meeting to order at 9:04am and led those present in the Pledge of Allegiance to the Flag.

**Moment of Silence**

Carmen called for a moment of silence to honor the men and women serving their country in the armed forces, and their families.

**Chairman' Report**

None

**Financial Reports**

Joe Gill distributed copies of the notebooks that had been provided to the Board to those residents in attendance so that they could follow along with the meeting.

Joe Gill reviewed the Debt Service schedules, noting that DVRFA has had to increase their administrative fee in light of the current economic situation. He noted that the \$76,691 receipt in the Refuse Fund was comprised of a rebate from the County for the sale of recyclables in the amount of \$41,872 and an Act 101 grant in the amount of \$34,819.

The Board reviewed the participant recreation report from Frank Vattilano, the updated accounts receivable reports for the Township and the Municipal Authority, and the escrow account report for engineering reviews conducted as part of the subdivision and land development plan approval process.

Joe Gill noted that we had received the raw data on the real estate taxes that have been turned over to the County Tax Claim Bureau and that a report was being prepared for the Board.

The Board reviewed the first quarter disbursement and the utility billing reports. Joe noted that he had requested a software modification so that the utility reports tracked the quarterly billing cycle.

Joe Gill distributed a General Fund first quarter core function report that was generated by AMS and he asked the Board to take it home and review it at the leisure. The format is slightly different from the first quarter reports that the Board had just reviewed. He noted that utilization

1 of this report would significantly reduce the amount of data entry, which would result in month  
2 end data being available by the middle of the following month.

3  
4 The Board agreed to reschedule the July 28<sup>th</sup> workshop to 9:00am and that they would review the  
5 June 2009 report in the AMS format at that time.

6  
7 Joe Gill noted that the approved 2009 Budget had a project deficit of \$958,689 which was be  
8 made up from the operating reserve. Based on first quarter results the year end deficit is  
9 projected to be \$1,194,423. He noted that in 2004 the Township made 13 payments to the police  
10 including the first payment for 2005. If we made the first payment for 2010 in January as  
11 opposed to December 2009 we would save \$400,000. In addition revenues for the Earned  
12 Income Tax, Local Service Tax, and Cable TV Fees are projected to be ahead of budget by  
13 \$200,000. Finally acceptance of the NRCS grant for the Hershey Mill Dam you save \$300,000  
14 and if the did not make the scheduled contribution to the Capital Reserve Fund we would reduce  
15 our operating expense by \$400,000. The combine result of these actions would result in a savings  
16 of \$1,300,000 which would eliminate the project deficit for 2009.

17  
18 The Board then reviewed the list of possible cuts. The Board agreed to eliminate the turkeys &  
19 hams that have previously be given to Township employees at Christmas and not to rent the  
20 wheel loader for the upcoming winter season.

21  
22 Carmen Battavio noted that the ABC members put in a lot of time and effort and requested that  
23 he be permitted to work with staff to have the Appreciation Event at the Goshen Fire House. It  
24 was the consensus of the Board to have the event in December with a not to exceed cost of  
25 \$4,000.

26  
27 Marty Shane requested that staff review the Township's programs and procedures to determine if  
28 any savings could be realized by changing the manner in which they are done.

29  
30 The Board members requested the following.

- 31 1. Determine the Township's options, with costs, for the collection of monies owed for the  
32 property at 1419 Center Street.
- 33 2. A report on the past due sewer bill for 1306 Goshen Parkway.
- 34 3. All future newsletters should include a block ad for "Constant Contact".
- 35 4. The Township should continue to publicize in the Newsletter the dates that the utility  
36 bills and tax bills are mailed and due.
- 37 5. Check with the Township Solicitor on whether or not utility billing data, specifically the  
38 property owner's name, address, and past due balance are a public record.
- 39 6. Complete the report on the Real Estate Taxes that have been turned over the County Tax  
40 Claim Bureau for the Board's review on July 28<sup>th</sup>.
- 41 7. Reformat the sewer operating and refuse budget reports to show the variance from  
42 budget.
- 43 8. The reports for all funds should utilize the same format.
- 44 9. Develop a master list of all items that have been cut or reduced, for the Board's  
45 consideration when the economic situation improves.

10. A recommendation from staff on whether or not to publish the newsletter 3 or 4 times a year.
11. A report on the proposed \$22,000 expense for the tennis courts.
12. A report on the cost effectiveness of preparing payroll in house.
13. A report on visiting nurses contribution.
14. A recommendation on the contribution to the Malvern Library
15. Check on the Utility Account for Leake (account # 2544L) - is it a wrong account # or mis-filed in the report?
16. A report listing options to improve the billing process for sewer and refuse bills - follow-up phone calls, change the format of the bill, etc.
17. Rework the Marty Report in the format as discussed during the meeting.
18. A report on the debt service to see if any loans make sense to be prepaid.
19. Check with the solicitor on the length liens remain with a property - 7 years or forever or somewhere in-between?
20. Review with the solicitor on whether a better collection process is possible for non-escrow accounts receivable. Is an ordinance change possible?
21. Revise utility billing report to show total amount due and aging data for 180, 270 and 360 days.
22. Update District Court report to show actual expense for 2008.
23. Set up "bad debt" line items for General Fund, Sewer and Refuse funds to track revenue that is outstanding. As necessary make recommendations on when debts should be written off. Some of the revenue may take some time to recover, but we should carry it on the books unless we agree to write it off.
24. Joe Gill to provide an assessment of the Capital Reserve Fund.

#### **Public Comment**

Dr. Howard Jones, 1048 Kennett Way suggested that the Board may want to consider refinancing some of its debt in light of the low interest rates and that the Township should develop a uniform policy for the collection of past due utility invoices and other receivables. He also opined that it was his understanding that a property lien expired after 7 years.

#### **Adjournment**

The meeting adjourned at 12:17pm.

Respectfully submitted,

Louis F. Smith, Jr.  
Township Manager

F:\Data\Shared Data\Minutes\Board of Supervisors\2009\June 25, 2009 Financial Planning Session V4.doc

**Smith, Rick**

---

**From:** ZEXROX@cs.com**Sent:** Sunday, June 28, 2009 12:43 AM**To:** EMShane@aol.com; pakogut@comcast.net; dmconathy@verizon.net; james\_mccree@vanguard.com; RMANCARMEN@aol.com; rsmith@eastgoshen.org; tclapper@eastgoshen.org; JMcdonough@eastgoshen.org; jgill@eastgoshen.org**Cc:** ellensinclair@verizon.net; martin.steinetz@sap.com; robert.corcoran@oracle.com; roconavarro@verizon.net; ckaplan@cvty.com; bernee220@verizon.net; bdelorenzo@verizon.net; FranOKf@aol.com; fetscher-debbie@Aramark.com; katharine.buonanno@sap.com; leosinclair@verizon.net; TinaKap@comcast.net; tinakap@comcast.net; ma4rc3ia@yahoo.com; JustBlessYou@GMail.Com**Subject:** Re: Changes to the EGT Deer Management Program

Dear Marty and the Board of Supervisors,

I will attend the meeting on July 7th, 2009. What time will the meeting start and where?

I feel you should change the safety zone from the property line of 50 feet to 150 feet due to how close some neighbor's backyard where children play are to close to this property line...

You must change the "last revised" for "Safety Zone" and it's for "Safety for People" by-LAW State of PGC and will show you to follow request the PGC Regulations that I do have the copy of the Statement from PGC that I read your DMC had same the information for the program but doesn't look right the measure to be Safety for People and the children... So you will have to re-approved Action Program for the 2009/2010 this Fall...

Rick Smith, I will need the interpreter and speaker the date on July 7th,  
Please let me know and send to my text, Thanks...

To order flower or plants to resist Deer in a Landscape Nursery...  
[Click here: Deer-resistant Landscape Nursery \(Product Categories\).](#)

Respectfully,

Ron Zeleski  
218 N. Lochwood Lane  
West Chester, Pa. 19380  
610.431.2136  
New Email: Zexrox@Comcast.Net

BOARD OF SUPERVISORS  
EAST GOSHEN TOWNSHIP  
CHESTER COUNTY  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

8. New Business  
A.  
1 pg

June 24, 2009

To: Board of Supervisors

From: Mark Miller

RE: Cleaning bid for the Township Building, Blacksmith Shop and the District Court Building

On 6/15/2009 bids were opened for cleaning the Township Building, Blacksmith Shop and District Court. Clean Net of Philadelphia submitted the lowest bid in the amount of \$1,245.00 per month. Phone calls were made to the references and they came back with positive feedback. I recommend the bid be awarded to Clean Net of Philadelphia (aka MKH Services Inc.).

\$1,245.00	Clean Net of Philadelphia Two Bala Plaza S-401 Bala Cynwyd, PA 19004
\$1,351.28	Jani-King of Philadelphia Norristown, PA 19403
\$1,490.00	Shallis Services, Inc. Frazer, PA 19355
\$1,596.30	Clean Right Building Service Inc. Exton, PA 19341
\$1,600.00	B&L Commercial Cleaning West Chester, PA 19380
\$1,750.00	ECO Cleaning & Maintenance Service West Chester, PA 19380
\$4,376.81	Team Clean Inc. Philadelphia, PA 19112



**BOARD OF SUPERVISORS**  
EAST GOSHEN TOWNSHIP  
CHESTER COUNTY  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

8 New Business  
B. 2 pgs  
1 of 2

June 26, 2009

To: Board of Supervisors

From: Mark Miller

RE: Labor & Equipment For The Removal Of Trees For East Goshen

On 6/22/2009 bids were opened for labor and equipment for the removal of trees. Edens Tree Service Inc. submitted the lowest bid. I recommend that the bid be awarded to Edens Tree Service. Below are the hourly rates for Equipment and Labor.

**Edens Tree Service**  
Malvern, PA

Bucket Truck -	\$55.00 Hour
Brush Chipper -	\$35.00 Hour
Climber -	\$15.00 Hour
Dump Truck -	\$30.00 Hour
Ground Laborers -	\$25.00 Hour
Stump Grinder -	\$35.00 Hour
Crew -	\$850.00 Daily

**Jimmy's Tree & Landscape**  
Philadelphia, PA

Bucket Truck -	\$90.00 Hour
Brush Chipper -	\$55.00 Hour
Climber -	\$45.00 Hour
Dump Truck -	\$60.00 Hour
Ground Laborers -	\$35.00 Hour
Stump Grinder -	\$55.00 Hour
Crew -	\$1,100.00 Daily

BOARD OF SUPERVISORS  
EAST GOSHEN TOWNSHIP

**Knight Bros. Inc.**  
Aston, PA

Bucket Truck -	\$68.80 Hour
Brush Chipper -	\$55.00 Hour
Climber -	\$44.20 Hour
Dump Truck -	\$54.40 Hour
Ground Laborers -	\$42.80 Hour
Stump Grinder -	\$54.40 Hour
Crew -	\$1,660.00 Daily

**GreenTree Landscaping**  
West Chester, PA

Bucket Truck -	\$125.00 Hour
Brush Chipper -	\$75.00 Hour
Climber -	\$55.00 Hour
Dump Truck -	\$75.00 Hour
Ground Laborers -	\$40.00 Hour
Stump Grinder -	\$4.00 Per Inch
Crew -	\$1,800.00 Daily

**Rick's Tree Service**  
Glen Mills, PA

Bucket Truck -	\$150.00 Hour
Brush Chipper -	\$150.00 Hour
Climber -	\$60.00 Hour
Dump Truck -	\$100.00 Hour
Ground Laborers -	\$50.00 Per Man Per Hour
Stump Grinder -	\$200.00 Hour
Crew -	\$2400.00 Daily

**EAST GOSHEN TOWNSHIP**  
**ZONING AND HEARING BOARD APPLICATION**

1580 PAOLI PIKE WEST CHESTER, PA 19380-6199  
PHONE (610)-692-7171 FAX (610)-692-8950

Name of Applicant: John Mummert  
Applicant Address: 1417 Center St.  
West Chester PA- 19382  
Telephone Number: 484 571 6077 Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Property Address: Same  
Tax Parcel Number: 53-6F-20 Zoning District: R-3 Acreage: .33

**Purpose of Application (check one)**

- ☒ Variance (Type: ☐ Use Variance ☒ Dimensional Variance)  
☐ Special Exception  
☐ Appeal determination of the Zoning Officer  
☐ Other \_\_\_\_\_

**Sections of Zoning Ordinance in which relief is sought:**

240-10. REAR YARD SETBACK

**Description of the Zoning Relief requested and the future use of the property:**

Requested rear yard set back of 23 feet  
(7 feet of relief of Township ordinance)

We hereby acknowledge that we have read this application and state that the above is correct and agree to comply with all provisions of the East Goshen Township Zoning Ordinance applicable to this project and property.

[Signature]  
Signature of Applicant

6/23/09  
Date

Attest: \_\_\_\_\_

**\*Please review the formal Planning Commission review procedure on page three.**

# EAST GOSHEN TOWNSHIP ZONING AND HEARING BOARD APPLICATION

1580 PAOLI PIKE WEST CHESTER, PA 19380-6199

PHONE (610)-692-7171 FAX (610)-692-8950

This checklist outlines the steps and items needed to insure completeness of the application and to insure the application follows the process and conforms to the timeframe outlined by the state of Pennsylvania and East Goshen Township. This checklist is broken into two parts, the Application process and the Review Process. The application process must be completed in its entirety prior to the applications advancement into the Review Process.

Applicant Name: John Mummert

## Application Process Checklist (Administration use only):

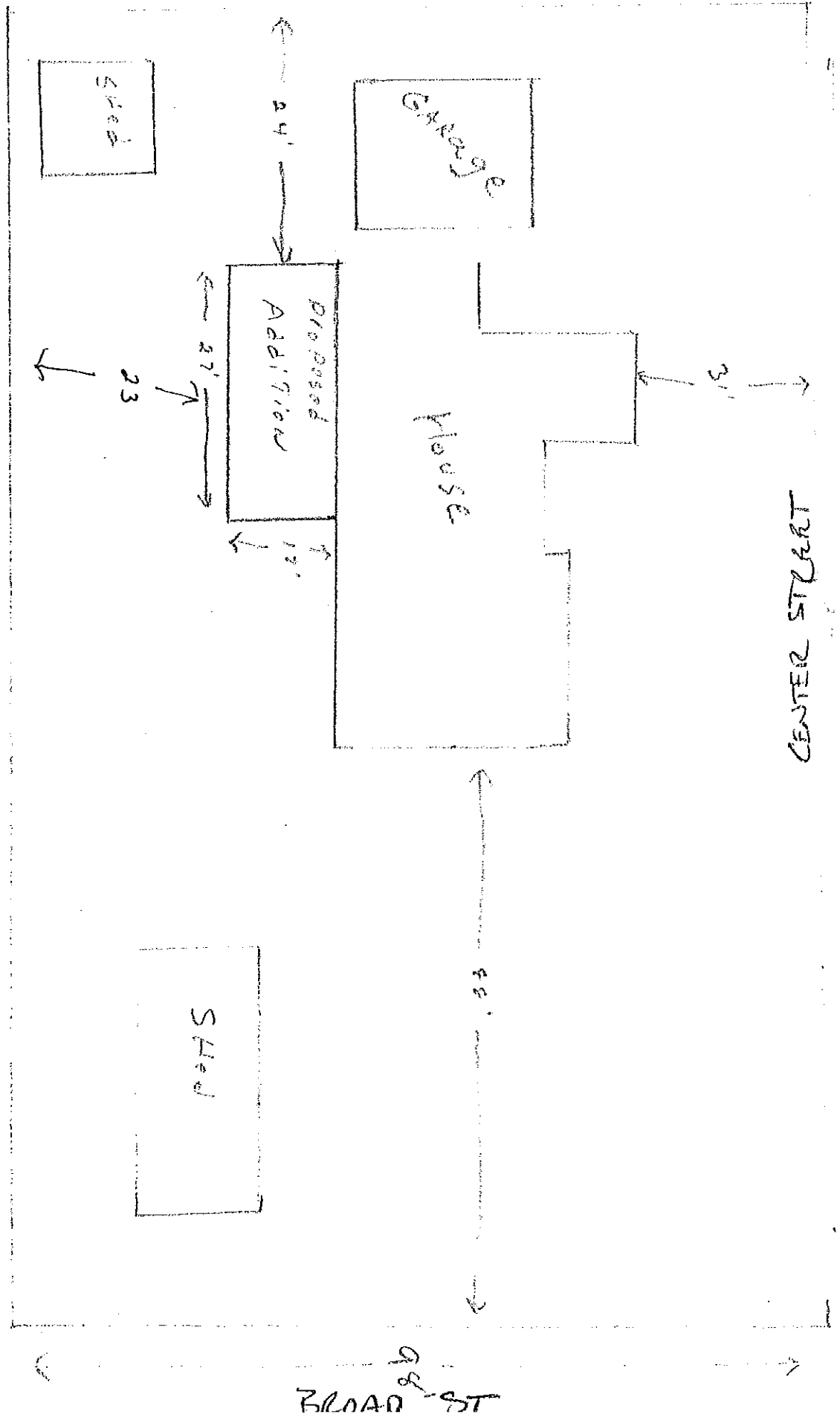
<u>Item</u>	<u>Date Complete</u>
1. Completed Township Application Form: .....	<u>6-23-09</u>
2. All related materials submitted: .....	<u>6-23-09</u>
3. Township application and review fees paid: .....	<u>6-23-09</u>

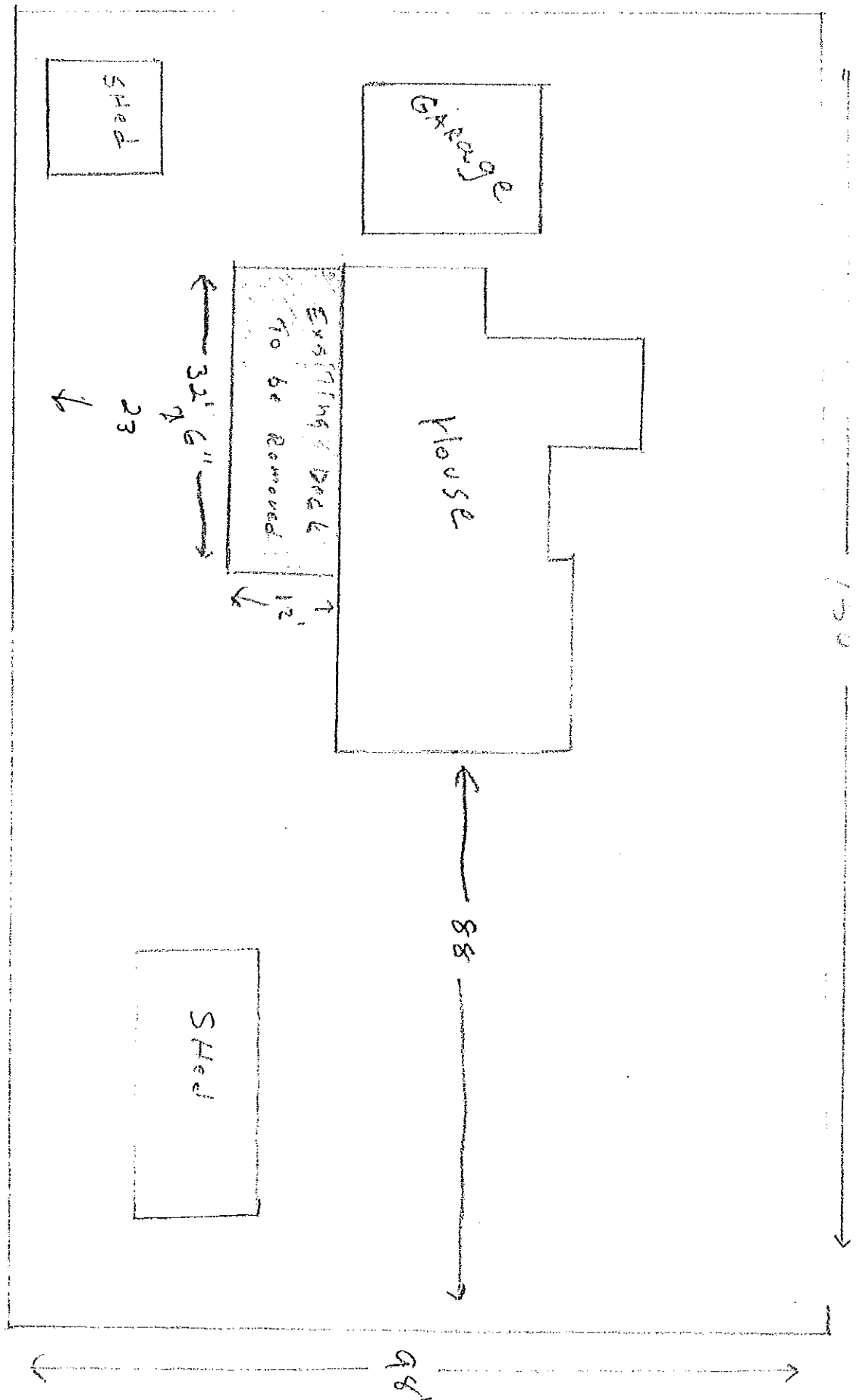
Application accepted on 6-23-09 by Mark Gordon

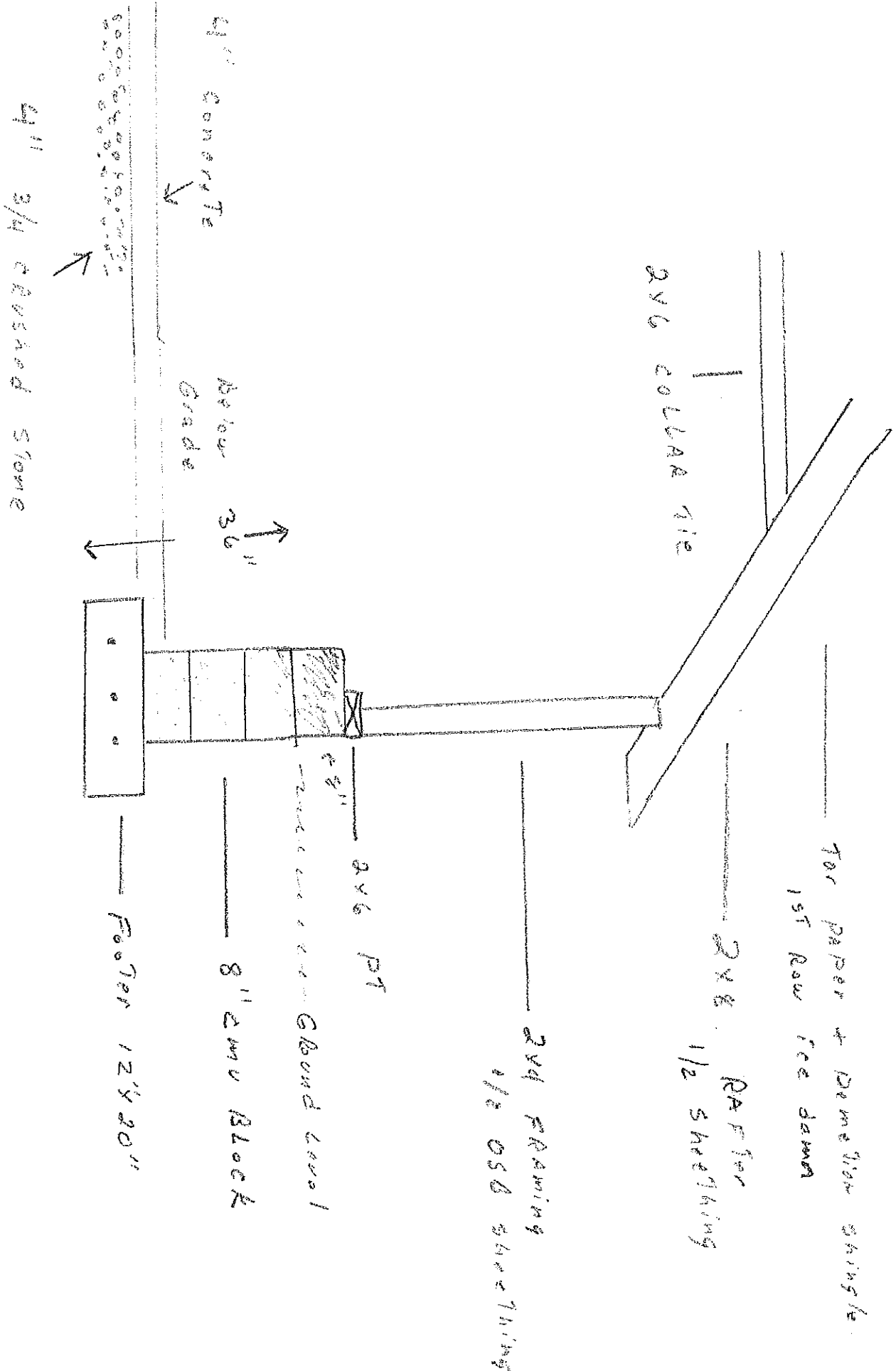
Official Signature [Signature] Title Zoning Officer

## Review Process Checklist

<u>Item</u>	<u>Date</u>
1. Start date: .....	<u>6-24-09</u>
2. Date of first formal Planning Commission Meeting following complete application: .....	<u>7-1</u>
3. Date sent to CCPC: .....	<u>-</u>
4. Date sent to Township Engineer: .....	<u>-</u>
5. Date presented to Planning Commission: .....	<u>7-1</u>
6. Date sent to CB: .....	<u>6-25</u>
7. Date sent To MA: .....	<u>"</u>
8. Date sent to HC: .....	<u>"</u>
9. Date sent to PRB: .....	<u>"</u>
10. Date sent to TAB: .....	<u>"</u>
11. Date by which the PC must act: .....	<u>7-1</u>
12. Date by which Board of Supervisors must act: .....	<u>7-7</u>
13. Drop Dead Date; (Day 60): .....	<u>8-21</u>
14. Zoning Hearing Date: .....	<u>7-23</u>
15. Dates of public advertisement: .....	<u>&amp;</u>







6 of 7

# BOARD OF SUPERVISORS

## EAST GOSHEN TOWNSHIP

CHESTER COUNTY  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

June 25, 2009

Dear Property Owner:

The purpose of this letter is to inform you that Mr. John Mummert has submitted a Zoning Hearing Board application requesting a Zoning Variance for his property located at 1417 Center Street, West Chester PA, 19380. The applicant proposes to construct an addition to the rear of his home and cannot meet the 30-foot rear yard setback requirement. The applicant is seeking relief from §240-10.G in order to construct a 12' X 27' home addition.

Pursuant to Township policy, property owners and residents within 1000 feet of the subject property are notified of Zoning Variance applications.

**The meeting dates and times when this application will be discussed are outlined below.**

**July 1, 2009** - Planning Commission meeting (workshop at 7 pm, formal meeting @ 7:30 pm)

**July 7, 2009** - Board of Supervisors meeting (workshop at 7:00 pm, formal meeting @ 8:00 pm)

**July 23, 2009** - Zoning Hearing Board (meeting @ 7:30 pm) **(Zoning Hearing)**

All meetings are held at the Township Building and are open to the public. The plans are available for review during normal business hours. Please give me a call at 610-692-7171 or email me at [mgordon@eastgoshen.org](mailto:mgordon@eastgoshen.org) if you have any questions or need additional information.

Sincerely,



Mark A. Gordon  
Township Zoning Officer

Cc: All Township Authorities, Boards and Commissions  
Ross Unruh, Esq. Zoning Hearing Board Solicitor



EAST GOSHEN TOWNSHIP  
PLANNING COMMISSION  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

July 2, 2009

East Goshen Township  
Board of Supervisors  
1580 Paoli Pike  
West Chester, Pa. 19380

Re: John Mummert, 1417 Center Street  
Zoning Variance Application  
53-6F-20

Dear Board Members:

At our meeting on July 1, 2009 the Planning Commission passed the following motion:

I move that we recommend that the Board of Supervisors support the Zoning Variance application of John Mummert, who is requesting relief of 7 feet from the required 30 foot rear yard setback requirement set forth in §240-10.G. of the Township Zoning Ordinance, with the following condition:

1. The size of the proposed addition conforms to the diagram submitted with the application.

The variance request is a result of the narrow depth of the lot, a hardship not created by the applicant, and the in the opinion of the Commission will not alter the essential character of the neighborhood.

Very truly yours,

*for* Senya D. Isayeff  
Chairman

DEAR BOARD MEMBERS,

I SUGGEST YOU  
SUPPORT BASED ON  
THE PC'S RECOMMENDATION.  
THANK YOU,  
- MARK

10. Correspondence  
A. 2 pgs  
1 of 2

**Gordon, Mark**

---

**From:** Mark Gordon [mgordon@eastgoshen.org]  
**Sent:** Friday, June 12, 2009 8:34 AM  
**To:** 'jferris@palcs.org'  
**Cc:** Smith, Rick  
**Subject:** PALCS Physical Activity Area at 1585 Paoli Pike

Ms. Ferris,

Thank you for dropping off the plan showing the proposed activity area at the ne PALCS site (1585 Paoli Pike). I will forward this to the Township Supervisors for their review and information.

-Mark

**Mark A. Gordon**

Director of Code Enforcement / Zoning Officer

East Goshen Township

1580 Paoli Pike

West Chester, PA 19380

O: 610-692-7171

F: 610-692-8950

[www.eastgoshen.org](http://www.eastgoshen.org)

Applicant agrees that compliance with the parking requirements in the Ordinance may require it to limit the number of driving aged students that attend the campus if there is not sufficient parking for the students, teachers and staff.

4. Applicant is specifically permitted to allow students to utilize the school grounds for minimal outside activity; for example, lunch, teaching, unstructured recreational activity and special school-wide events provided all activities take place at least 50 feet from any property line and do not interfere or adversely impact the surrounding neighborhood in any manner including but not limited to noise, trash or disruption of the quiet enjoyment of the neighborhood by the outside activity. It is understood that there will be no outdoor organized or team sports of any kind on the Property. Applicant, within 30 days of this Order, must submit a plan to the Township that depicts the area to be used for such outside activities.

5. Applicant shall not allow the students to leave the Property during the school day except in the case of an emergency, when excused for the day or for school sponsored class trips.

#### **TRAFFIC**

6. In order to accommodate the 250 students, Applicant will provide the Township with a revised traffic study to determine the impact when all of the 250 students are in attendance. This study will also show if there is sufficient capacity when vehicles are waiting to pickup students that the vehicle line does not extend beyond the property line, i.e. out onto Paoli Pike. This revised study is due within 60 days of this Order.

10. Correspondence  
B. 68 pgs.  
1 of 68

**EAST GOSHEN TOWNSHIP**

**ANNUAL FINANCIAL REPORT**

***Year Ended December 31, 2008***

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## Pension Plan Funding Progress

*East Goshen-Westtown Police Pension Plan*

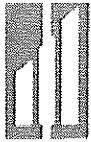
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## FINANCIAL SECTION



**MAILLIE, FALCONIERO & COMPANY, LLP**  
***Certified Public Accountants and Business Counselors***

PO Box 3068  
West Chester, PA 19381-3068  
610-696-4353

FAX NO.: 610-430-8811  
[www.maillie.com](http://www.maillie.com)

**Independent Auditors' Report**

To the Board of Supervisors  
East 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 East Goshen Township, West Chester, Pennsylvania, as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of East Goshen Township, West Chester, Pennsylvania's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 opinion.

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 East Goshen Township, West Chester, Pennsylvania, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 6 through 18, budgetary comparison information on pages 55 through 57 and pension plan funding progress on pages 58 through 60 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 express no opinion on it.

To the Board of Supervisors  
East Goshen Township  
West Chester, Pennsylvania

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Goshen Township, West Chester, Pennsylvania's basic financial statements. The nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maillie Falconi & Company, LLP*

West Chester, Pennsylvania  
June 17, 2009

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

*December 31, 2008*

Our discussion and analysis of the East Goshen Township (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which begin with the statement of net assets.

## **FINANCIAL HIGHLIGHTS**

- The Governmental Accounting Standards Board (GASB) has required all state and local governments to implement a governmental financial reporting model known as GASB 34. The Township's audited financial statements for fiscal year 2008 are compliant with GASB 34.
- The net assets of the Township at the close of the 2008 fiscal year were \$14,675,841. Because retroactive reporting of general infrastructure assets is not required for the Township as a Phase 3 government under GASB 34 requirements, capital assets include only general infrastructure assets acquired from 2004 forward.
- The total net assets of the governmental activities (General, Capital Reserve, Capital Projects, Road Improvements and State Liquid Fuels (Highway Aid) Funds) are \$12,288,058. The comparable total as of December 31, 2007, was \$11,388,687.
- The net assets of the business-type activities (Refuse, Sewer and Municipal Authority Funds) are \$2,387,783. The unrestricted net assets for the business-type activities as of December 31, 2008, are \$1,985,168, while \$402,615 is invested in capital assets.
- The Township implemented a local real estate tax of 1.25 mills in fiscal year 2004. The local tax rate remained the same for 2005, 2006, 2007 and 2008.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's fiscal year 2008 financial statements. The Township's fiscal year 2008 financial statements are comprised of five components: (1) independent auditors' report, (2) management's discussion and analysis, (3) government-wide financial statements, (4) fund financial statements and (5) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**EAST GOSHEN TOWNSHIP****MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

December 31, 2008

**Independent Auditors' Report**

The *Independent Auditors' Report* briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial statements.

**Management's Discussion and Analysis (MD&A)**

*Management's Discussion and Analysis*, prepared by Township staff, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The *MD&A* also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

**Government-Wide Financial Statements**

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

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

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

The *Government-wide Financial Statements*, which can be found on pages 19 and 20 of this report, distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the Township include general government, public safety (police, fire and codes), highways and streets, economic development and culture and recreation. The *business-type activities* include the sewer, refuse and Municipal Authority operations.

## EAST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

December 31, 2008

#### Fund Financial Statements

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

**Governmental Funds** - *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information is useful in evaluating the Township's near-term financing requirements.

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

The Township maintains four individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. The Township has chosen to report data for the non-major Governmental Funds separately. The Township's four Governmental Funds are the General Fund, the Capital Reserve Fund, the Road Improvements Fund and the State Liquid Fuels (Highway Aid) Fund. The basic Governmental Funds financial statements can be found on pages 21 through 25 of this report.

**Proprietary Funds** - There are two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The Township uses *Enterprise Funds* to report the same functions presented as *business-type activities* in the Government-wide Financial Statements. The Township uses Enterprise Funds to account for its Sewer Revenue Fund, Refuse Fund and Municipal Authority Fund. The Township has no Internal Service Funds.

## EAST GOSHEN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

December 31, 2008

Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The Proprietary Funds financial statements provide separate information for the individual Enterprise Funds, all of which are considered to be major funds of the Township.

The Proprietary Funds financial statements can be found on pages 26 through 29 of this report.

**Fiduciary Funds** - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the Government-wide Financial Statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Township has two Fiduciary Funds: the Non-Uniformed Pension Fund and the Fire Pension Plan.

The Fiduciary Funds financial statements can be found on pages 30 and 31 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

The notes to the financial statements can be found on pages 32 through 54 of this report.

### Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* for the Township. The Township's budget policy and budgetary comparison statement for the General Fund can be found under required supplementary information. The budgetary comparison statement for the General Fund demonstrates compliance of the budget.

Required supplementary information can be found on pages 55 through 60 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the statement of net assets (as shown on the next page) may serve over time as a useful indicator of the Township's financial position. The Township's total net assets were \$14,675,841 at the close of December 31, 2008. This represents an increase of \$733,371, or 5.25%, over the total net assets of \$13,942,470 as of the close of fiscal year 2007.

# **EAST GOSHEN TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

December 31, 2008

The Township's investment in capital assets reflects the investment in land, building, machinery and equipment, etc., less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The debt outstanding is currently more than the reported investment in capital assets because retroactive reporting of general infrastructure assets is not required for the Township as a Phase 3 government under GASB 34 requirements. The Township has elected to include only general infrastructure assets acquired subsequent to December 31, 2003. 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.

Of the remaining Township's net assets, \$1,128,978 represents resources that are subject to external restrictions on how they may be used. These are the net assets of the Road Improvements Fund and the State Liquid Fuels (Highway Aid) Fund.

The majority of the Township's net assets, \$12,000,431 or 82%, is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors and to fund future capital asset replacement needs.

### **Summary of Net Assets**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current and other assets	\$ 11,474,237	\$ 11,898,832	\$ 23,373,069
Capital assets, net	8,609,817	1,135,398	9,745,215
<b>TOTAL ASSETS</b>	<u>20,084,054</u>	<u>13,034,230</u>	<u>33,118,284</u>
<b>LIABILITIES</b>			
Other liabilities	329,996	371,447	701,443
Long-term debt outstanding	7,466,000	10,275,000	17,741,000
<b>TOTAL LIABILITIES</b>	<u>7,795,996</u>	<u>10,646,447</u>	<u>18,442,443</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,143,817	402,615	1,546,432
Restricted	1,128,978	-	1,128,978
Unrestricted	<u>10,015,263</u>	<u>1,985,168</u>	<u>12,000,431</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 12,288,058</u>	<u>\$ 2,387,783</u>	<u>\$ 14,675,841</u>



## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

*December 31, 2008*

The Township's Statement of Activities shows how the net assets changed during the fiscal year 2008. The Statement of Activities can be found on page 20 of this report.

As shown on the Statement of Activities, the Township's net assets increased by \$733,371 from January 1, 2008; 122.6% or \$899,371 in governmental activities (General, Capital Reserve, Road Improvements and State Liquid Fuels (Highway Aid) Funds) and -22.6% or \$(166,000) in business-type activities (Sewer, Refuse and Municipal Authority Funds).

#### **Governmental Activities**

To understand how the net assets changed in the governmental activities, you must look at the "Statement of Revenues, Expenditures and Changes in Fund Balances" (pages 23 and 24) along with the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities" (page 25).

#### **Fund Financial Statements**

On page 24, the Governmental Funds are broken down individually to show the "Net Change in Fund Balances" for each fund. The total of these individual changes is (\$143,399), and it decreases the fund balances from January 1, 2008 to December 31, 2008. The total fund balances at December 31, 2008, are \$10,317,499.

The reconciliation on page 25 explains how the Township arrived at the \$899,371 increase in net assets of the governmental activities from the Governmental Funds given the decrease in fund balances of \$(143,399). Most of the change is due to the repayment of note principal in the amount of \$520,000 during 2008, which reduces long-term liabilities in the Statement of Net Assets as well as \$831,530 in capital outlays.

The *General Fund* reflects an increase of \$351,440 in fund balance for the year. The fund balance at December 31, 2008, is \$3,435,612 and is unrestricted.

The *Capital Reserve Fund* reflects a decrease in its fund balance of (\$542,057) for fiscal year 2008. Provisions are made to fund future capital asset replacement needs based on a detailed lapsing schedule which takes into consideration estimated useful lives of assets as well as inflationary cost increases.

The *Other Governmental Fund's* decrease in fund balance was \$(1,865) for the year 2008. The fund balance at December 31, 2008, for the *State Liquid Fuels (Highway Aid) Fund* is \$10,745.

**EAST GOSHEN TOWNSHIP****MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

December 31, 2008

The table below shows the percent of program revenues to expenditures for all the governmental activities.

**Expenses - Governmental Funds**

	2008 Expenses	2007 Expenses	Increase (Decrease)
General government	\$ 1,452,197	\$ 1,430,756	\$ 21,441
Public safety	3,482,431	2,920,080	562,351
Sanitation	178,416	184,533	(6,117)
Highways and streets	1,318,638	1,721,477	(402,839)
Culture and recreation	558,580	531,603	26,977
Community development	15,485	8,558	6,927
Principal and interest on long-term debt	829,546	830,119	(573)
Capital outlay and miscellaneous	1,241,428	457,133	784,295
	<u>\$ 9,076,721</u>	<u>\$ 8,084,259</u>	<u>\$ 992,462</u>

Expenses in governmental funds increased by \$992,462, or 12.2%, between years 2007 and 2008.

The Township's governmental revenues are generated from a variety of sources. Total revenues for Governmental Funds shown on the "Statement of Revenues, Expenditures and Changes in Fund Balances" (page 23) for fiscal year 2008 were \$8,978,322. The percent of these revenues by source was as follows:

	Revenues by Source	% of Total
Taxes	\$ 7,071,986	78.8%
Fees, licenses, and permits	304,949	3.4%
Fines and forfeits	53,932	.6%
Interest and rents	317,865	3.5%
Intergovernmental	557,934	6.2%
Charges for services	644,372	7.2%
Miscellaneous	27,284	.3%
	<u>\$ 8,978,322</u>	<u>\$ 100.0%</u>

**EAST GOSHEN TOWNSHIP****MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)***December 31, 2008***Business-Type Activities**

As noted previously in this MD&A, the decrease in net assets for business-type activities (Sewer, Refuse and Municipal Authority Funds) was \$166,000 (page 27).

The business-type activities referred to in the Government-wide Financial Statements (pages 19 and 20) are reported as Proprietary (or Enterprise) Funds in the Fund Financial Statements (pages 26 through 29).

The *Sewer Fund's* share of the \$166,000 decrease in net assets was an increase of \$280,281 for 2008, as compared to an increase of \$96,185 for 2007.

***Sewer Fund Statements of Revenues, Expenses and Changes in Net Assets  
2008 Comparison to 2007***

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES	\$ 1,799,348	\$ 1,925,910
OPERATING EXPENSES	<u>2,116,618</u>	<u>1,926,989</u>
OPERATING LOSS	(317,270)	(1,079)
NONOPERATING REVENUES, net Interest income less interest expenses	<u>10,585</u>	<u>15,627</u>
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	(306,685)	14,548
SPECIAL ITEM, ABANDONMENT OF SEWER IMPROVEMENT	-	(257,648)
INTERFUND TRANSFERS	<u>586,966</u>	<u>339,285</u>
CHANGE IN NET ASSETS	<u>\$ 280,281</u>	<u>\$ 96,185</u>

Quarterly sewage usage charges billed to residential and commercial customers remained the same in 2008 as in 2007.

**EAST GOSHEN TOWNSHIP****MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

December 31, 2008

The *Refuse Fund's* share of the \$166,000 decrease in net assets was an increase of \$153,900 for 2008. Refuse Fund net assets increased by \$221,683 in 2007.

***Refuse Fund Statements of Revenues, Expenses and Changes in Net Assets***  
***2008 Comparison to 2007***

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES	\$ 1,330,938	\$ 1,343,073
OPERATING EXPENSES	<u>1,198,143</u>	<u>1,144,541</u>
OPERATING INCOME	132,795	198,532
NONOPERATING REVENUES, net		
Interest income less interest expenses	<u>21,105</u>	<u>23,151</u>
CHANGE IN NET ASSETS	<u>\$ 153,900</u>	<u>\$ 221,683</u>

Quarterly refuse charges billed to residential customers remained the same in 2008 as in 2007.

The *Municipal Authority* experienced a decrease in net assets of \$600,181 for the year 2008. Municipal Authority net assets decreased by \$175,557 during fiscal year 2007.

***Municipal Authority Statements of Revenues, Expenses and Changes in Net Assets***  
***2008 Comparison to 2007***

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES	\$ 89,803	\$ 89,029
OPERATING EXPENSES	<u>188,007</u>	<u>95,687</u>
OPERATING LOSS	(98,204)	(6,658)
NONOPERATING REVENUES, net		
Interest income, less interest expenses, plus tapping fees	<u>39,989</u>	<u>170,386</u>
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	(58,215)	163,728
INTERFUND TRANSFERS	<u>(541,966)</u>	<u>(339,285)</u>
CHANGE IN NET ASSETS	<u>\$ (600,181)</u>	<u>\$ (175,557)</u>

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

*December 31, 2008*

The East Goshen Municipal Authority is a component unit of East Goshen Township, which was established in 1967 to finance construction of the Township's sewage collection and treatment facilities. The major function of the Authority is to provide financing for capital construction, expansion and upgrades to the Township's sewer plants and other facilities. The Township has the responsibility for daily operations of the sewer system through a leaseback arrangement with the Authority which expires in 2018.

The lease agreement requires that the Township pay rents to the Authority equal to the amount of the Authority's monthly debt service on a long-term guaranteed note payable to the Delaware Valley Regional Finance Authority. The Authority has agreed to rebate 28% of its debt service rental collections to the Township.

Operating expenses for 2008 include capital costs incurred to upgrade one of the sewer treatment plants and related interceptor as well as payments to West Goshen Township for a proportionate share of the cost of capital upgrades to sewage treatment facilities to which several housing developments within East Goshen Township are connected.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### **Revenues**

During the year, General Fund revenues fell short of budgetary estimates by \$88,650.

*Total Tax revenues* were under budget by \$27,390. Real estate property tax collections were over budget \$1,779 for the year, as well as Earned Income tax \$242,713 and EMS tax \$45,430. Real estate transfer tax fell short of the annual budget by \$317,312 due to the poor state of the economy and its impact on the housing market.

*Fees, licenses and permits* exceeded budget by \$30,949 due to increased cable television franchise fee activity with Verizon.

*Fines and forfeits* fell short of budget by \$1,068. The majority of this amount was from collections of district court fines and vehicle code violations.

*Interest earnings and rents* were \$105,431 under budget due to lower bank interest rates.

*Intergovernmental revenues* were \$23,308 over budget due to a \$20,000 grant received for park and recreation. Additional smaller positive variances totaled \$3,308.

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

*December 31, 2008*

*Charges for services* fell short of budget by \$74,370. Permit revenues alone accounted for \$66,436 of this shortfall due to the downturn in the housing market. Smaller unfavorable variances totaled \$7,934.

*Miscellaneous* revenues were over budget by \$87,345. The majority of this was a higher reimbursement from the Goshen Fire Company for firefighters' wages and benefits.

*Reimbursements* to the General Fund from other Township funds for administrative, maintenance and other operating costs incurred in conjunction with sewer and refuse operations had an unfavorable variance of \$21,993 due to a staff shortage in public works.

### **Expenses**

General Fund expenses were under budget by \$359,704 for 2008.

*General government expenditures* (administration, finance, tax collection, legal and municipal building costs accounted for under general government) were under budget by \$20,049. Engineering services were under budget by \$45,507 due to the poor economy, and office operational expenses were under budget by \$41,896 (including office machinery repairs, stationery, communication, advertising and newsletters). Budget overruns included legal costs (\$43,528 over budget) and building maintenance and repairs (\$19,680 over budget). Other minor unfavorable variances totaled \$4,146.

*Public safety* (police, fire and codes expenses) and health and welfare ran \$24,375 under budget due to lower costs in the fire and codes categories.

*Public works - sanitation* was under budget by \$52,063 due mostly to a vacant position which was filled in January 2009.

*Public works - highways and streets* was under budget by \$124,305 for the year 2008. Snow and ice removal costs were under budget by \$40,026 due to a milder winter than anticipated. The public works department held off on scheduled projects in the aggregate of \$84,279 due to the unexpected Reservoir Road bridge repair project, which was handled in-house by the public works crew.

*Culture and recreation* was over budget by \$2,598.

*Community development (conservation and development)* costs were \$1,183 over budget as well.

*Interest expense* was under budget by \$39,711 due to prepayments of principal on several loans.

*Insurance coverage and employee benefits costs* were under budget by \$62,952 due, in part, to a low claim insurance dividend received. Staff shortages during 2008 resulted in lower employee benefit costs as well.

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

*December 31, 2008*

*Capital outlay* expenses totaled \$112,952 for the Reservoir Road bridge repair, which was completed in-house by the Township's public works staff. This was an unexpected expense which was not included in the 2008 budget.

*Transfers* between funds resulted in a positive variance of \$152,982 due to not transferring the budgeted \$200,000 to the Capital Reserve Fund offset by two separate interfund transfers totaling \$47,018.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The Township's total capital assets for its governmental and business-type activities as of December 31, 2008, amount to \$9,745,215. This includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads, bridges, stormwater and sewer lines and traffic signals.

Current year additions to capital assets include the completion of the District Court Office building and replacement of public works equipment as well as additional furniture and equipment purchases.

### **Long-Term Debt**

At the end of the fiscal year, the Township had total bonded debt outstanding of \$17,741,000. This debt consists of four general obligation notes and two guaranteed notes, all payable to the Delaware Valley Regional Finance Authority (DVRFA) and backed by the full faith and credit of the government. Detail of the Township's debt holdings and related long-term debt service requirements can be found in Note E to these financial statements on pages 43 through 45.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

### **Economic Factors**

Goshen was part of the "Welsh Tract" that was granted by William Penn in 1684. In 1799, the Borough of West Chester was chartered and split off from Goshen Township. In 1817, East Goshen Township was incorporated when the Township of Goshen was further divided into two Townships-- East and West Goshen. East Goshen Township encompasses an area of 10 square miles and services a community of 16,824 residents. The Township owns and maintains 59.76 miles of road and 405 acres of parkland and/or open space.

**EAST GOSHEN TOWNSHIP****MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)***December 31, 2008*

The major function of the Township is to provide local government services to its residents as specified in the Second Class Township Code. A five-member Board of Supervisors, elected by the voters, governs the Township. The Board establishes the policies which determine services provided, the amount of taxes levied and regulation of public safety, land use control, land subdivision, road construction and road maintenance. The Township is a charter member of the Westtown-East Goshen Regional Police Department, and the Department provides police and detective services to Township residents.

**Next Year's Budget**

The 2009 budget represents a balanced budget. Revenues projected in the 2009 budget are of a conservative nature based on the previous three years of actual collections. There are no increases in tax rates reflected in the 2009 budget. Sewer rates have increased in 2009 based on a 2008 sewer study, and the Township is working towards implementing a metered billing system in 2010 vs. the flat rate billing in place. This budget will require aggressive management by all departments to ensure that the departments live within their respective allotments.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions about this report or to request additional financial information, please contact the Director of Finance at 1580 Paoli Pike, West Chester, PA 19380.



**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
*December 31, 2008*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,839,893	\$ 11,792,966	\$ 21,632,859
Receivables, net	1,133,917	46,316	1,180,233
Due from other governmental agencies	27,797	-	27,797
Prepaid expenses	472,630	1,158	473,788
Deferred charges, note issue costs	-	58,392	58,392
Capital assets not being depreciated	24,267	443,634	467,901
Capital assets being depreciated, net	<u>8,585,550</u>	<u>691,764</u>	<u>9,277,314</u>
<b>TOTAL ASSETS</b>	<u>\$ 20,084,054</u>	<u>\$ 13,034,230</u>	<u>\$ 33,118,284</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 104,099	\$ 352,822	\$ 456,921
Long-term liabilities			
Portion due or payable within one year			
Notes payable	544,000	302,000	846,000
Accrued interest	5,244	18,625	23,869
Compensated absences	220,653	-	220,653
Portion due or payable after one year			
Notes payable	<u>6,922,000</u>	<u>9,973,000</u>	<u>16,895,000</u>
<b>TOTAL LIABILITIES</b>	<u>7,795,996</u>	<u>10,646,447</u>	<u>18,442,443</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,143,817	402,615	1,546,432
Restricted for			
Road improvements	1,118,233	-	1,118,233
Other projects	10,745	-	10,745
Unrestricted	<u>10,015,263</u>	<u>1,985,168</u>	<u>12,000,431</u>
<b>TOTAL NET ASSETS</b>	<u>12,288,058</u>	<u>2,387,783</u>	<u>14,675,841</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 20,084,054</u>	<u>\$ 13,034,230</u>	<u>\$ 33,118,284</u>

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2008**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,453,919	\$ 34,611	\$ -	\$ -	\$ (1,419,308)	\$ -	\$ (1,419,308)
Public safety	3,487,849	445,376	137,012	-	(2,905,461)	-	(2,905,461)
Health and welfare	9,000	-	-	-	(9,000)	-	(9,000)
Public works							
Sanitation	178,416	-	-	-	(178,416)	-	(178,416)
Highways and streets	1,304,244	22,868	369,318	-	(912,058)	-	(912,058)
Culture and recreation	558,580	175,914	-	-	(382,666)	-	(382,666)
Conservation and development	15,510	39,633	-	-	24,123	-	24,123
Interest on long-term debt	334,304	-	-	-	(334,304)	-	(334,304)
Depreciation (unallocated)	400,898	-	-	-	(400,898)	-	(400,898)
TOTAL GOVERNMENTAL ACTIVITIES	7,742,720	718,402	506,330	-	(6,517,988)	-	(6,517,988)
BUSINESS-TYPE ACTIVITIES							
Refuse	1,198,143	1,330,938	-	-	-	132,795	132,795
Sewer	2,339,428	1,905,367	-	-	-	(434,061)	(434,061)
TOTAL BUSINESS-TYPE ACTIVITIES	3,537,571	3,236,305	-	-	-	(301,266)	(301,266)
TOTAL TOWNSHIP ACTIVITIES	\$ 11,280,291	\$ 3,954,707	\$ 506,330	\$ -	(6,517,988)	(301,266)	(6,819,254)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,020,798	-	2,020,798
Real estate transfer taxes					465,318	-	465,318
Earned income tax					3,977,196	-	3,977,196
EMS tax					295,430	-	295,430
Franchise taxes					304,949	-	304,949
Public realty tax					11,168	-	11,168
Permits and fees					3,660	-	3,660
Fines and forfeitures					53,932	-	53,932
Unrestricted investment earnings					269,523	90,266	359,789
Miscellaneous					60,385	-	60,385
TOTAL GENERAL REVENUES					7,462,359	90,266	7,552,625
CHANGE IN NET ASSETS BEFORE TRANSFERS					944,371	(211,000)	733,371
TRANSFERS IN					-	45,000	45,000
TRANSFERS OUT					(45,000)	-	(45,000)
CHANGE IN NET ASSETS					899,371	(166,000)	733,371
NET ASSETS AT BEGINNING OF YEAR					11,388,687	2,553,783	13,942,470
NET ASSETS AT END OF YEAR					\$ 12,288,058	\$ 2,387,783	\$ 14,675,841

See accompanying notes to the basic financial statements.

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# **EAST GOSHEN TOWNSHIP**

## **BALANCE SHEET**

### **GOVERNMENTAL FUNDS**

December 31, 2008

	General Fund	Road Improvements Fund	Capital Reserve Fund	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,955,716	\$ 1,118,233	\$ 5,755,199	\$ 10,745	\$ 9,839,893
Taxes receivable, net	106,571	-	-	-	106,571
Due from other governments	1,596	-	-	-	1,596
Other receivables	9,731	-	-	-	9,731
Prepaid expenses	472,630	-	-	-	472,630
<b>TOTAL ASSETS</b>	<b>\$ 3,546,244</b>	<b>\$ 1,118,233</b>	<b>\$ 5,755,199</b>	<b>\$ 10,745</b>	<b>\$ 10,430,421</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 76,168	\$ -	\$ 2,290	\$ -	\$ 78,458
Deferred revenue	3,579	-	-	-	3,579
Accrued interest	5,244	-	-	-	5,244
Accrued salaries and benefits	25,641	-	-	-	25,641
<b>TOTAL LIABILITIES</b>	<b>110,632</b>	<b>-</b>	<b>2,290</b>	<b>-</b>	<b>112,922</b>
<b>FUND BALANCES</b>					
Unreserved	3,435,612	1,118,233	5,752,909	-	10,306,754
Unreserved, reported in Other Governmental Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	10,745	10,745
<b>TOTAL FUND BALANCES</b>	<b>3,435,612</b>	<b>1,118,233</b>	<b>5,752,909</b>	<b>10,745</b>	<b>10,317,499</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,546,244</b>	<b>\$ 1,118,233</b>	<b>\$ 5,755,199</b>	<b>\$ 10,745</b>	<b>\$ 10,430,421</b>

See accompanying notes to the basic financial statements.

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**EAST GOSHEN TOWNSHIP****RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES***December 31, 2008*

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 10,317,499
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Historical treasures	24,267
Infrastructure	1,777,553
Vehicles	1,398,407
Buildings and improvements	7,049,500
Machinery, equipment and furniture	1,851,133
Accumulated depreciation	(3,491,043)

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

Compensated absences	(220,653)
Notes payable	(7,466,000)

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 not recorded as receivables or are deferred in the funds.

1,047,395
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>12,288,058</u>
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*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*Year Ended December 31, 2008*

	General Fund	Road Improvements Fund	Capital Reserve Fund	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Real estate	\$ 2,023,952	-	\$ -	-	\$ 2,023,952
Real estate transfer	465,318	-	-	-	465,318
EMS tax	295,430	-	-	-	295,430
Earned income	4,287,286	-	-	-	4,287,286
Fees, licenses and permits	304,949	-	-	-	304,949
Fines and forfeits	53,932	-	-	-	53,932
Intergovernmental	168,180	20,436	-	369,318	557,934
Charges for services	644,372	-	-	-	644,372
Interest and rents	133,132	28,647	150,587	5,499	317,865
Miscellaneous	27,284	-	-	-	27,284
<b>TOTAL REVENUES</b>	<b>8,403,835</b>	<b>49,083</b>	<b>150,587</b>	<b>374,817</b>	<b>8,978,322</b>
<b>EXPENDITURES</b>					
Current					
General government	1,452,197	-	-	-	1,452,197
Public safety	3,482,431	-	-	-	3,482,431
Health and welfare	9,000	-	-	-	9,000
Public works					
Sanitation	178,416	-	-	-	178,416
Highways and streets	941,956	-	-	376,682	1,318,638
Culture and recreation	558,580	-	-	-	558,580
Conservation and development	15,485	-	-	-	15,485
Debt service					
Principal	520,000	-	-	-	520,000
Interest and other charges	309,546	-	-	-	309,546
Capital outlay	112,952	-	1,119,476	-	1,232,428
<b>TOTAL EXPENDITURES</b>	<b>7,580,563</b>	-	<b>1,119,476</b>	<b>376,682</b>	<b>9,076,721</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>	<b>\$ 823,272</b>	<b>\$ 49,083</b>	<b>\$ (968,889)</b>	<b>\$ (1,865)</b>	<b>\$ (98,399)</b>
<b>EXPENDITURES FORWARD</b>					

26.8.168

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2008**

	General Fund	Road Improvements Fund	Capital Reserve Fund	Other Governmental Fund	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FORWARDED	\$ 823,272	\$ 49,083	\$ (968,889)	\$ (1,865)	\$ (98,399)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	426,832	-	426,832
Transfers out	(471,832)	-	-	-	(471,832)
TOTAL OTHER FINANCING SOURCES (USES)	(471,832)	-	426,832	-	(45,000)
NET CHANGE IN FUND BALANCES	351,440	49,083	(542,057)	(1,865)	(143,399)
FUND BALANCES AT BEGINNING OF YEAR	3,084,172	1,069,150	6,294,966	12,610	10,460,898
FUND BALANCES AT END OF YEAR	\$ 3,435,612	\$ 1,118,233	\$ 5,752,909	\$ 10,745	\$ 10,317,499

See accompanying notes to the basic financial statements.

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## EAST GOSHEN TOWNSHIP

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (143,399)

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 as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

831,530

Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.

(2,071)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(310,092)

Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.

520,000

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.

3,403

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 899,371

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2008**

	Enterprise Funds			Total
	Refuse Fund	Sewer Revenue Fund	Municipal Authority	Proprietary Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 724,665	\$ 122,354	\$ 10,945,947	\$ 11,792,966
Receivables, net	6,345	37,462	2,509	46,316
Prepaid expenses	-	92	1,066	1,158
<b>TOTAL CURRENT ASSETS</b>	<b>731,010</b>	<b>159,908</b>	<b>10,949,522</b>	<b>11,840,440</b>
<b>NONCURRENT ASSETS</b>				
Deferred charges, note issue costs	-	-	58,392	58,392
Internal balances	-	(775,000)	775,000	-
Capital assets				
Sewer treatment plant and improvements	-	784,840	-	784,840
Construction in progress	-	443,634	-	443,634
Accumulated depreciation	-	(93,076)	-	(93,076)
<b>TOTAL CAPITAL ASSETS, net of accumulated depreciation</b>	<b>-</b>	<b>1,135,398</b>	<b>-</b>	<b>1,135,398</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>360,398</b>	<b>833,392</b>	<b>1,193,790</b>
<b>TOTAL ASSETS</b>	<b>\$ 731,010</b>	<b>\$ 520,306</b>	<b>\$ 11,782,914</b>	<b>\$ 13,034,230</b>

See accompanying notes to the basic financial statements.

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	Enterprise Funds			Total Proprietary Funds
	Refuse Fund	Sewer Revenue Fund	Municipal Authority	
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 67,175	\$ 263,563	\$ 22,084	\$ 352,822
Accrued interest	-	-	18,625	18,625
Notes payable, current	-	-	302,000	302,000
<b>TOTAL CURRENT LIABILITIES</b>	67,175	263,563	342,709	673,447
<b>NONCURRENT LIABILITIES</b>				
Notes payable	-	-	9,973,000	9,973,000
<b>TOTAL LIABILITIES</b>	67,175	263,563	10,315,709	10,646,447
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	402,615	-	402,615
Unrestricted	663,835	(145,872)	1,467,205	1,985,168
<b>TOTAL NET ASSETS</b>	663,835	256,743	1,467,205	2,387,783
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 731,010	\$ 520,306	\$ 11,782,914	\$ 13,034,230

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
*Year Ended December 31, 2008*

	Enterprise Funds			Total Proprietary Funds
	Refuse Fund	Sewer Revenue Fund	Municipal Authority	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,330,938	\$ 1,889,151	\$ -	\$ 3,220,089
Lease rentals, net	-	(89,803)	89,803	-
<b>TOTAL OPERATING REVENUES</b>	<b>1,330,938</b>	<b>1,799,348</b>	<b>89,803</b>	<b>3,220,089</b>
<b>OPERATING EXPENSES</b>				
Operations	1,198,143	2,077,334	187,183	3,462,660
Amortization	-	-	824	824
Depreciation	-	39,284	-	39,284
<b>TOTAL OPERATING EXPENSES</b>	<b>1,198,143</b>	<b>2,116,618</b>	<b>188,007</b>	<b>3,502,768</b>
<b>OPERATING INCOME (LOSS)</b>	<b>132,795</b>	<b>(317,270)</b>	<b>(98,204)</b>	<b>(282,679)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	21,105	10,585	58,576	90,266
Tapping fees	-	-	16,216	16,216
Interest expense	-	-	(34,803)	(34,803)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>21,105</b>	<b>10,585</b>	<b>39,989</b>	<b>71,679</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>153,900</b>	<b>(306,685)</b>	<b>(58,215)</b>	<b>(211,000)</b>
<b>TRANSFERS IN</b>	-	586,966	45,000	631,966
<b>TRANSFERS OUT</b>	-	-	(586,966)	(586,966)
<b>CHANGE IN NET ASSETS</b>	<b>153,900</b>	<b>280,281</b>	<b>(600,181)</b>	<b>(166,000)</b>
<b>NET ASSETS (DEFICIT) AT BEGINNING OF YEAR</b>	<b>509,935</b>	<b>(23,538)</b>	<b>2,067,386</b>	<b>2,553,783</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 663,835</b>	<b>\$ 256,743</b>	<b>\$ 1,467,205</b>	<b>\$ 2,387,783</b>

See accompanying notes to the basic financial statements.

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**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*Year Ended December 31, 2008*

	Enterprise Funds			Total
	Refuse Fund	Sewer Revenue Fund	Municipal Authority	Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,365,770	\$ 1,985,587	\$ -	\$ 3,351,357
Lease rental payments	-	(89,803)	89,803	-
Payments to suppliers	(1,138,950)	(1,961,775)	(223,720)	(3,324,445)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>226,820</u>	<u>(65,991)</u>	<u>(133,917)</u>	<u>26,912</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	45,000	45,000
Transfers to other funds	-	372,399	(372,399)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>372,399</u>	<u>(372,399)</u>	<u>45,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Tapping fees received	-	-	16,216	16,216
Deferred note issue costs paid	-	-	(52,250)	(52,250)
Proceeds from note issue	-	-	9,500,000	9,500,000
Principal payments on debt	-	-	(55,000)	(55,000)
Interest paid on debt	-	-	(34,803)	(34,803)
Acquisition, construction and improvements of capital assets	-	(346,441)	-	(346,441)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(346,441)</u>	<u>9,374,163</u>	<u>9,027,722</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	21,105	10,585	56,067	87,757
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>247,925</u>	<u>(29,448)</u>	<u>8,968,914</u>	<u>9,187,391</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>476,740</u>	<u>151,802</u>	<u>1,977,033</u>	<u>2,605,575</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 724,665</u>	<u>\$ 122,354</u>	<u>\$ 10,945,947</u>	<u>\$ 11,792,966</u>

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*Year Ended December 31, 2008*

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)  
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities  
 Depreciation  
 Amortization  
 (Increase) decrease in  
 Accounts receivable  
 Prepaid expenses  
 Increase (decrease) in accounts payable

Enterprise Funds			Total Proprietary Funds
Refuse Fund	Sewer Revenue Fund	Municipal Authority	
\$ 132,795	\$ (317,270)	\$ (98,204)	\$ (282,679)
-	39,284	-	39,284
-	-	824	824
34,832	96,436	-	131,268
-	(92)	(1,066)	(1,158)
59,193	115,651	(35,471)	139,373
\$ 226,820	\$ (65,991)	\$ (133,917)	\$ 26,912

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

See accompanying notes to the basic financial statements.

**EAST GOSHEN TOWNSHIP****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS***December 31, 2008*

	Fire Pension Fund	Non- Uniformed Pension Fund	Total Fiduciary Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,582	\$ 132,245	\$ 176,827
Investments			
Bond funds	170,361	479,277	649,638
Equity funds	158,119	462,988	621,107
Assets at contract value	<u>-</u>	<u>328,419</u>	<u>328,419</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>373,062</u></b>	<b>\$ <u>1,402,929</u></b>	<b>\$ <u>1,775,991</u></b>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<b>\$ <u>373,062</u></b>	<b>\$ <u>1,402,929</u></b>	<b>\$ <u>1,775,991</u></b>

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****FIDUCIARY FUNDS***Year Ended December 31, 2008*

	Fire Pension Fund	Non- Uniformed Pension Fund	Total Fiduciary Funds
<b>ADDITIONS</b>			
Contributions			
Members' contributions	\$ 8,071	\$ -	\$ 8,071
State contributions	39,418	97,594	137,012
Employer contributions	-	14,184	14,184
<b>TOTAL CONTRIBUTIONS</b>	<u>47,489</u>	<u>111,778</u>	<u>159,267</u>
Investment income (loss)			
Net depreciation in fair value of investments	(118,950)	(483,790)	(602,740)
Interest and dividends	17,517	53,241	70,758
<b>TOTAL INVESTMENT INCOME (LOSS)</b>	<u>(101,433)</u>	<u>(430,549)</u>	<u>(531,982)</u>
Investment expense	(4,347)	(8,488)	(12,835)
<b>INVESTMENT INCOME (LOSS), net</b>	<u>(105,780)</u>	<u>(439,037)</u>	<u>(544,817)</u>
<b>NET NEGATIVE ADDITIONS</b>	<u>(58,291)</u>	<u>(327,259)</u>	<u>(385,550)</u>
<b>DEDUCTIONS</b>			
Administrative expenses	2,600	3,500	6,100
Lump sum distributions	-	141,402	141,402
<b>TOTAL DEDUCTIONS</b>	<u>2,600</u>	<u>144,902</u>	<u>147,502</u>
<b>CHANGE IN NET ASSETS</b>	<u>(60,891)</u>	<u>(472,161)</u>	<u>(533,052)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>433,953</u>	<u>1,875,090</u>	<u>2,309,043</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 373,062</u>	<u>\$ 1,402,929</u>	<u>\$ 1,775,991</u>

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS***December 31, 2008***NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Goshen Township (the "Township") operates under a Board of Supervisors and provides public safety, health and welfare, public works, culture and recreation, conservation and development, public improvements, planning and zoning and general administrative services.

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**Reporting Entity**

The Township, for financial purposes, includes all of the funds relevant to the operation of the Township, except as noted.

The Township utilizes Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. In evaluating the Township as a primary government, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity is financial accountability and the nature and significance of the relationship.

The financial statements of the Township include the East Goshen Municipal Authority (the "Municipal Authority"), a body corporate and politic, incorporated under the Municipal Authorities Act of 1945, P. L. 382, as amended, pursuant to ordinances enacted by the Township, which is blended in these financial statements under the governing criteria of governmental accounting and financial reporting standards. A copy of the component unit's financial statements can be obtained at the Township's office located at 1580 Paoli Pike, West Chester, Pennsylvania.

The Municipal Authority is a "lease-back authority," the purpose of which is to borrow money to finance the construction or acquisition of needed facilities. These facilities are leased back to the Township, which operates them and is responsible for their proper management.

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2008

**Fund Accounting**

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Township are grouped into the categories governmental, proprietary and fiduciary.

The Township reports the following major Governmental Funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Road Improvements Fund* and *Capital Reserve Fund* are used to account for financial resources to be used for the acquisition or construction and maintenance of major capital assets (other than those financed by Proprietary Funds).

The Township reports the following major Proprietary Funds:

The *Refuse Fund* and *Sewer Revenue Fund* are used to account for refuse and sewer operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Township reports the following Other Governmental Funds:

The *State Liquid Fuels Highway Aid Fund*, as required by state law, accounts for revenue from the State Motor License Fund (gasoline tax distribution, etc.) and the approved expenditures of such monies for highway purposes.

Additionally, the Township reports the following Fiduciary Fund types:

The *Pension Trust Funds* account for the activities of the Fire and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.



**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**Basis of Presentation and Accounting**

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS***December 31, 2008*

**Fund Financial Statements** - Fund financial statements report detailed information about the Township. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor Governmental Funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary 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 Funds' ongoing operations. The principal operating revenues of the Township's Enterprise Funds are sewer and refuse charges. Operating expenses for the Township's Enterprise Funds include operating and administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments purchased with an original maturity of one year or less are considered cash equivalents.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure (e.g., roads, bridges, curbs, sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

	<u>Years</u>
Automobiles	5-12
Building and improvements	10-50
Equipment, furniture and fixtures	3-12

Under GASB Statement No. 34, the Township is a Phase 3 government. Prospective reporting of general infrastructure assets is required upon implementation of GASB Statement No. 34, according to the GASB 34 Cod. Sec. 1400.125. Retroactive reporting of general infrastructure assets is required for Phase 1 and Phase 2 governments but not for Phase 3 governments. The Township has elected not to retroactively report general infrastructure assets at this time; therefore, capital assets only include general infrastructure assets acquired since the implementation of GASB Statement No. 34 in 2004.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**Accrued Compensated Absences**

Employees, upon termination, will receive compensation for unused sick and vacation days accumulated. Eligible employees receive 72 sick leave hours per year and are allowed to accumulate up to 480 hours. Employees may carry over a maximum of 80 vacation hours to the following year. Any unused vacation in excess of 80 hours is forfeited.

**Real Estate Tax Calendar and Reserve**

The original tax duplicate is received by the Township and given to the tax collector for mailing by February 1. The discount period extends through April 30, followed by the flat period through June 30 and ends with the penalty period after July 1. The penalty is 10%. Any unpaid taxes at the end of the year are required to be lien by January 15 with the county.

**Allowance for Uncollectible Accounts**

The Township calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at December 31, 2008, is \$33,826.

**Use of Estimates**

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

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**NOTE B DEPOSITS AND INVESTMENTS****Deposits**

The Township's deposits with financial institutions at December 31, 2008, consisted of the following:

	<u>Carrying Amount</u>
<b>CASH AND CASH EQUIVALENTS</b>	
Checking	\$ 9,461,256
Savings and money market	2,505,969
Certificates of deposit	<u>9,842,461</u>
	<u>\$ 21,809,686</u>
 <b>RECONCILIATION TO FINANCIAL STATEMENTS</b>	
Cash and cash equivalents on statement of net assets	\$ 21,632,859
Cash and cash equivalents in Fiduciary Funds accounts	<u>176,827</u>
	<u>\$ 21,809,686</u>

***Custodial Credit Risk*** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2008, \$17,770,584 of the Township's bank balance of \$18,770,584 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Township's name	<u>\$ 17,770,584</u>
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**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**Credit Risk** - Pennsylvania statutes authorize the Township to invest in U.S. Treasury bills, short-term obligations of the U.S. Government, obligations of the U.S. Government or Commonwealth of Pennsylvania or political subdivisions of the Commonwealth that are backed by the full faith and credit of the issuing government and shares of authorized investment companies provided that all of the company investments are authorized investments for a township.

In addition, the Township may invest in time deposits, savings accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent that such investments are insured and, where amounts exceed the insured maximums, that the depository pledge collateral as provided by Pennsylvania law.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies provided that investments of the company are authorized investments, as noted above.

**Investments - Fiduciary Funds**

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. 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. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal. As of December 31, 2008, the Plan's investment balance exposed to interest rate risk was as follows:

Investment Type	Fair Value	Investment Maturities			
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	Not Available
Bond funds	\$ <u>649,638</u>	\$ <u>-</u>	\$ <u>264,571</u>	\$ <u>240,715</u>	\$ <u>144,352</u>

Assets at contract value held by Nationwide Life Insurance Company are pooled investments; therefore, there is no method available to disclose the interest rate risk of applicable underlying debt securities.

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**Credit Risk** - The law provides that the Township's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

Investments for the Township are reported at fair value.

The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO) (Morningstar, Inc. for bond mutual funds or Moody's Investor Services for bonds and mortgages) is as follows:

	<u>Fair Value</u>	<u>Credit Quality</u>
INVESTMENT TYPE		
Bond mutual funds	\$ 447,176	AAA
Bond mutual funds	13,722	AAA
Bond mutual funds	44,388	A
Bond mutual funds	144,352	Not Available
Money market funds	<u>176,827</u>	Not Rated
	<u>\$ 826,465</u>	

U.S. Government obligations are not considered to have credit risk and do not require disclosure of credit quality. Pooled investments within Nationwide Life Insurance Company are not rated by a NRSRO, such as Morningstar, Inc. or Moody's Investor Services. Nationwide Life Insurance Company is rated Aa for long-term insurance financial strength according to Moody's Investor Services, a NRSRO.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the pension plans will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The plans do not have a formal investment policy that addresses custodial credit risk; however, the plans held no investments that were exposed to custodial credit risk at December 31, 2008.

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities, as used in this paragraph, includes securities underlying repurchase agreements and investment securities.

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributable to the magnitude of a pension plan's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The plans do not have a formal investment policy that addresses concentration of credit risk; however, as of December 31, 2008, no investment in any one organization represented five percent (5%) or more of total investments.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The pension plans do not have a formal investment policy that addresses foreign currency risk; however, the plans held no investments that were exposed to foreign currency risk as of December 31, 2008.

**NOTE C RECEIVABLES**

Receivables in the government-wide financial statements are comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
RECEIVABLES			
Earned income tax	\$ 1,120,607	\$ -	\$ 1,120,607
Real estate taxes	3,579	-	3,579
Other receivables	9,731	2,509	12,240
Sewer and refuse charges	-	43,807	43,807
	<u>\$ 1,133,917</u>	<u>\$ 46,316</u>	<u>\$ 1,180,233</u>



**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE D CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Historical treasures	\$ 24,267	-	-	\$ 24,267
Capital assets being depreciated				
Infrastructure				
Vehicles	1,645,101	132,452	-	1,777,553
Buildings and improvements	1,252,712	145,695	-	1,398,407
Machinery, equipment and furniture	6,129,361	920,149	-	7,049,500
Accumulated depreciation	1,817,001	34,132	-	1,851,133
TOTAL CAPITAL ASSETS BEING DEPRECIATED	10,844,165	1,232,428	-	12,076,593
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	(3,090,145)	(400,898)	-	(3,491,043)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	7,754,020	831,530	-	8,585,550
	7,778,287	831,530	-	8,609,817
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	88,801	354,833	-	443,634
Capital assets being depreciated				
Sewer treatment plant and improvements	774,507	10,233	-	784,840
Accumulated depreciation	(53,792)	(39,284)	-	(93,076)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	720,815	(29,051)	-	691,764
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	809,616	325,782	-	1,135,398
<b>CAPITAL ASSETS, net</b>	<b>\$ 8,587,903</b>	<b>\$ 1,157,312</b>	<b>\$ -</b>	<b>\$ 9,745,215</b>

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 December 31, 2008

**NOTE E GENERAL LONG-TERM DEBT**

The following is a summary of changes in governmental long-term liability activity of the Township for the year ended December 31, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes					
Series A of 1999	\$ 2,163,000	-	\$ (132,000)	\$ 2,031,000	\$ 139,000
Series A of 2000	242,000	-	(11,000)	231,000	12,000
Series A of 2001	870,000	-	(160,000)	710,000	167,000
Series A of 2003	4,711,000	-	(217,000)	4,494,000	226,000
TOTAL NOTES	7,986,000	-	(520,000)	7,466,000	544,000
Compensated absences	224,056	-	(3,403)	220,653	220,653
TOTAL GOVERNMENTAL ACTIVITIES	8,210,056	-	(523,403)	7,686,653	764,653
<b>BUSINESS-TYPE ACTIVITIES</b>					
Guaranteed Notes					
Series of 1998	830,000	-	(55,000)	775,000	59,000
Series of 2008	-	9,500,000	-	9,500,000	243,000
TOTAL BUSINESS-TYPE ACTIVITIES	830,000	9,500,000	(55,000)	10,275,000	302,000
TOTAL LONG-TERM LIABILITIES	\$ 9,040,056	\$ 9,500,000	\$ (578,403)	\$ 17,961,653	\$ 1,066,653

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

Notes payable consisted of:

General Obligation Note, Series A of 1999, payable to the Delaware Valley Regional Finance Authority (DVRFA); in 2003, the note was converted from a variable rate to a fixed rate of 3.66% with maturity scheduled for 2019; interest is payable monthly, principal is payable annually	\$ 2,031,000
Guaranteed Revenue Note, Series A of 2000, payable to the DVRFA; in 2003, the note was converted from a variable rate to a fixed rate of 3.76% with maturity scheduled for 2021; interest is payable monthly, principal is payable annually	231,000
General Obligation Note, Series A of 2001, payable to the DVRFA; in 2003, the note was converted from a variable rate to a fixed rate of 4.28% with maturity scheduled for 2012; interest is payable monthly, principal is payable annually	710,000
General Obligation Note, Series A of 2003, payable to the DVRFA; in 2003, the note was converted from a variable rate to a fixed rate of 3.91% with maturity scheduled for 2023; interest is payable monthly, principal is payable annually	4,494,000
The Municipal Authority issued a Guaranteed Note, Series of 1998, to the DVRFA; in 2003, the note was converted from a variable rate to a fixed rate of 3.84% with maturity scheduled for 2018; interest is payable monthly, principal is payable annually	775,000
The Municipal Authority issued a Guaranteed Note, Series of 2008, to the DVRFA; in 2008, the note was converted from a variable rate to a fixed rate of 3.96% with maturity scheduled for 2032; interest is payable monthly, principal is payable annually	<u>9,500,000</u>
	<u>\$ 17,741,000</u>

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS***December 31, 2008*

Funds to repay outstanding notes will be provided from future taxes, other general revenues and charges for services. Total interest expense paid during the year ended December 31, 2008, was \$369,107. Interest costs incurred and charged to expenditures for the year ended December 31, 2008, were \$334,304 in the General Fund and \$34,803 in the Municipal Authority. Total interest capitalized was \$18,625 in 2008 and charged to the Sewer Operating Fund.

**Debt Service Requirements**

A summary of long-term debt service requirements to maturity, including principal and interest, other than compensated absences is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 846,000	\$ 517,056	\$ 1,363,056
2010	884,000	661,275	1,545,275
2011	923,000	626,346	1,549,346
2012	963,000	589,884	1,552,884
2013	810,000	551,856	1,361,856
2014 to 2018	4,634,000	2,259,816	6,893,816
2019 to 2023	4,049,000	1,384,467	5,433,467
2024 to 2028	2,370,000	736,757	3,106,757
2029 to 2032	<u>2,262,000</u>	<u>228,293</u>	<u>2,490,293</u>
	<u>\$ 17,741,000</u>	<u>\$ 7,555,750</u>	<u>\$ 25,296,750</u>

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**NOTE F      EMPLOYEE RETIREMENT PLANS**

**East Goshen-Westtown Police Pension Plan**

***Summary of Significant Accounting Policies***

**Basis of Accounting** - The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** - 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. Investments that do not have an established market are reported at estimated fair value.

**Plan Description and Contribution Information** - Membership of the plan consisted of the following at January 1, 2007, the date of the last actuarial valuation:

Active plan members	32
Retirees and beneficiaries receiving benefits	<u>3</u>
<b>TOTAL MEMBERSHIP</b>	<u><b>35</b></u>

**Plan Description** - The plan is a single employer defined benefit plan that covers all full-time police officers. The plan provides retirement, death and disability benefits to plan members and their beneficiaries. Benefits and contribution provisions are established by Pennsylvania law. All benefits are vested after 12 years of credit service.

**Contributions** - Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

The plan is funded by the Township through Act 205 Pension Funds from the Commonwealth. If deemed necessary, the Township must contribute any additional funding to the plan. Member contributions are currently required at a rate of 5.0% of compensation. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute to the plan for the year 2008.

**Financial Reporting** - The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Township's office located at 1580 Paoli Pike, West Chester, Pennsylvania.

**Annual Pension Cost and Net Pension Obligation** - The Township's annual pension cost and net pension obligation to the East Goshen-Westtown Police Pension Plan for 2008 were as follows:

Annual required contribution	\$	385,733
Interest on net pension obligation		-
Adjustment to annual required contribution		-
ANNUAL PENSION COST		<u>385,733</u>
Contributions made		<u>(385,733)</u>
INCREASE IN PENSION OBLIGATION		-
Net pension obligation at beginning of year		<u>-</u>
NET PENSION OBLIGATION AT END OF YEAR	\$	<u>-</u>

The annual required contribution for 2008 was determined using the assumptions from the January 1, 2007 actuarial valuation listed in the note to the pension plan funding progress.

**Three-Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2006	\$ 210,687	100%	\$ -
2007	324,789	100	-
2008	385,733	100	-

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS***December 31, 2008*

***Funded Status and Funding Progress*** - As of January 1, 2007, the most recent actuarial valuation date, the plan was 71.2% funded. The actuarial accrued liability for benefits was \$6,081,884, and the actuarial value of assets was \$4,330,099, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,751,785. The covered payroll (annual payroll of active employees covered by the plan) was \$2,512,607, and the ratio of the UAAL to the covered payroll was 69.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Fire Pension Plan*****Summary of Significant Accounting Policies***

**Basis of Accounting** - The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** - 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. Investments that do not have an established market are reported at estimated fair value.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**Plan Description and Contribution Information** - Membership of the plan consisted of the following at January 1, 2007, the date of the last actuarial valuation:

Active plan members	8
Terminated plan members entitled to but not yet receiving benefits	<u>1</u>
<b>TOTAL MEMBERSHIP</b>	<u><b>9</b></u>

**Plan Description** - The plan is a single employer defined benefit plan that covers the East Goshen Fire Company full-time paid employees. The plan provides retirement, death and disability benefits to plan members and their beneficiaries. Benefits and contribution provisions are established by Pennsylvania law. All benefits are vested after five years of credited service.

**Contributions** - Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

The plan is funded by the Township through Act 205 Pension Funds from the Commonwealth. If deemed necessary, the Township must contribute any additional funding to the plan. Member contributions are currently required at a rate of 2.5% of compensation. In accordance with Act 205, the Township was not required to contribute to the plan for the year 2008.

**Financial Reporting** - The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Township's office located at 1580 Paoli Pike, West Chester, Pennsylvania.



**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**Annual Pension Cost and Net Pension Obligation** - The Township's annual pension cost and net pension obligation to the Fire Pension Plan for 2008 were as follows:

Annual required contribution	\$	39,418
Interest on net pension obligation		-
Adjustment to annual required contribution		-
ANNUAL PENSION COST		<u>39,418</u>
Contributions made		<u>(39,418)</u>
INCREASE IN PENSION OBLIGATION		-
Net pension obligation at beginning of year		<u>-</u>
NET PENSION OBLIGATION AT END OF YEAR	\$	<u>-</u>

The annual required contribution for 2008 was determined using the assumptions from the January 1, 2007 actuarial valuation listed in the note to the pension plan funding progress.

**Three-Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2006	\$ 35,464	100%	\$ -
2007	37,497	100	-
2008	39,418	100	-

**Funded Status and Funding Progress** - As of January 1, 2007, the most recent actuarial valuation date, the plan was 88.9% funded. The actuarial accrued liability for benefits was \$425,318, and the actuarial value of assets was \$378,256, resulting in an unfunded actuarial accrued liability (UAAL) of \$47,062. The covered payroll (annual payroll of active employees covered by the plan) was \$397,350, and the ratio of the UAAL to the covered payroll was 11.8%.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Non-Uniformed Employees Pension Plan**

***Summary of Significant Accounting Policies***

**Basis of Accounting** - The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** - 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. Investments that do not have an established market are reported at estimated fair value.

**Plan Description and Contribution Information** - Membership of the plan consisted of the following at January 1, 2007, the date of the last actuarial valuation:

Active plan members	27
Terminated plan members entitled to but not yet receiving benefits	<u>6</u>
TOTAL MEMBERSHIP	<u>33</u>

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS**

December 31, 2008

**Plan Description** - The plan is a single employer defined benefit plan that covers all full-time non-uniform employees. The plan provides retirement benefits to plan members and their beneficiaries. Benefits and contribution provisions are established by Pennsylvania law. All benefits are vested after five years of credited service.

**Contributions** - Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

The plan is funded by the Township through Act 205 Pension Funds from the Commonwealth. If deemed necessary, the Township must contribute any additional funding to the plan. Members do not contribute to the plan. In accordance with Act 205, the Township was required to contribute to the plan for the year 2008.

**Financial Reporting** - The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Township's office located at 1580 Paoli Pike, West Chester, Pennsylvania.

**Annual Pension Cost and Net Pension Obligation** - The Township's annual pension cost and net pension obligation to the Non-Uniformed Employees Pension Plan for 2008 were as follows:

Annual required contribution	\$ 111,778
Interest on net pension obligation	-
Adjustment to annual required contribution	-
ANNUAL PENSION COST	111,778
Contributions made	(111,778)
INCREASE IN PENSION OBLIGATION	-
Net pension obligation at beginning of year	-
NET PENSION OBLIGATION AT END OF YEAR	\$ -

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

The annual required contribution for 2008 was determined using the assumptions from the January 1, 2007 actuarial valuation listed in the note to the pension plan funding progress.

***Three-Year Trend Information***

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2006	\$ 90,523	100%	\$ -
2007	93,068	100	-
2008	111,778	100	-

***Funded Status and Funding Progress*** - As of January 1, 2007, the most recent actuarial valuation date, the plan was 102.0% funded. The actuarial accrued liability for benefits was \$1,688,693, and the actuarial value of assets was \$1,723,088, resulting in assets in excess of accrued liability of \$34,395. The covered payroll (annual payroll of active employees covered by the plan) was \$1,467,711.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE G RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**EAST GOSHEN TOWNSHIP****NOTES TO THE BASIC FINANCIAL STATEMENTS***December 31, 2008***NOTE H CONTINGENCIES**

The Township is party to litigation involving various matters that have arisen in the normal course of business. Management believes the outcome of these matters will not have a material effect on the Township's financial condition.

**NOTE I COMMITMENTS**

At December 31, 2008, the Township had contractual commitments of approximately \$9,655,940 for construction and maintenance of the Ridley Creek Sewage Treatment Plant Upgrade.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EAST GOSHEN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)**  
**GENERAL FUND**  
**Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Taxes				
Real estate	\$ 2,021,564	\$ 2,021,564	\$ 2,023,343	\$ 1,779
Real estate transfer	800,000	800,000	482,688	(317,312)
EMS tax	250,000	250,000	295,430	45,430
Earned income	4,000,000	4,000,000	4,242,713	242,713
Fees, licenses and permits	274,000	274,000	304,949	30,949
Fines and forfeits	55,000	55,000	53,932	(1,068)
Intergovernmental	144,872	144,872	168,180	23,308
Charges for services	749,980	749,980	675,610	(74,370)
Interest and rents	238,563	238,563	133,132	(105,431)
Miscellaneous	649,000	649,000	736,345	87,345
Transfers	932,549	932,549	910,556	(21,993)
	<u>10,115,528</u>	<u>10,115,528</u>	<u>10,026,878</u>	<u>(88,650)</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>				
<b>CHANGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Current				
General government	1,493,180	1,493,180	1,473,131	20,049
Public safety	4,202,778	4,202,778	4,187,403	15,375
Health and welfare	9,000	9,000	-	9,000
Public works				
Sanitation	240,121	240,121	188,058	52,063
Highways and streets	1,393,295	1,393,295	1,268,990	124,305
Culture and recreation	566,901	566,901	569,499	(2,598)
Conservation and development	12,600	12,600	13,783	(1,183)
Debt service				
Principal	520,000	520,000	520,000	-
Interest and other charges	349,629	349,629	309,918	39,711
Insurance premiums	190,000	190,000	170,073	19,927
Employee benefits	904,156	904,156	861,131	43,025
Capital outlay	-	-	112,952	(112,952)
Transfers	200,000	200,000	47,018	152,982
	<u>10,081,660</u>	<u>10,081,660</u>	<u>9,721,956</u>	<u>359,704</u>
<b>TOTAL CHANGES TO APPROPRIATIONS</b>				
<b>EXCESS OF RESOURCES OVER CHANGES TO APPROPRIATIONS</b>				
	\$ 33,868	\$ 33,868	\$ 304,922	\$ 271,054

# **EAST GOSHEN TOWNSHIP**

## **BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)**

### **GENERAL FUND**

*Year Ended December 31, 2008*

## **Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

### **SOURCES/INFLOWS OF RESOURCES**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 10,026,878
Differences - budget to GAAP	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(910,556)
Paid firefighters reimbursements are inflows of budgetary resources but are not revenues for financial reporting purposes	(688,038)
Accrual adjustments	<u>(24,449)</u>

TOTAL REVENUES AS REPORTED ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS	\$ <u>8,403,835</u>
--	---------------------

### **USES/OUTFLOWS OF RESOURCES**

Actual amounts (budgetary basis) "total changes to appropriations" from the budgetary comparison schedule	\$ 9,721,956
Differences - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(475,972)
Reimbursements from other funds are inflows of budgetary resources but are not expenditures for financial reporting purposes	(910,556)
Paid firefighters reimbursements are outflows of budgetary resources but are not expenditures for financial reporting purposes	(688,038)
Accrual adjustments	<u>(66,827)</u>

TOTAL EXPENDITURES AS REPORTED ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS	\$ <u>7,580,563</u>
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*See accompanying note to the budgetary comparison schedule.*



**EAST GOSHEN TOWNSHIP****NOTE TO THE BUDGETARY COMPARISON SCHEDULE***Year Ended December 31, 2008***NOTE A      BUDGETARY INFORMATION**

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its approval and adoption. The Township Manager, Finance Director and the Budget Review Committee are responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors of the various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes and other revenue required to balance the budget.

The Board of Supervisors is required to introduce the budget for the following year by 20 days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by the Board of Supervisors of the Township. After the close of the public hearings, the Board of Supervisors approve and adopt the budget on or before December 31, the close of the Township's fiscal year.

The Township Supervisors may authorize supplemental appropriations for any lawful purpose via resolution. In addition, the Supervisors are permitted to transfer funds from one Township account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. It is the Township's policy to maintain budgetary control at the fund level.

The Township prepares budgets for Governmental Funds on the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America.

**EAST GOSHEN TOWNSHIP**  
**PENSION PLAN FUNDING PROGRESS**  
*Year Ended December 31, 2008*

**EAST GOSHEN-WESTTOWN POLICE PENSION PLAN**

**Schedule of Funding Progress**

Valuation Date January 1,	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Percentage Funded	(UAAL) Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
2003	\$ 2,647,661	\$ 3,104,970	85.3%	\$ 457,309	\$ 1,678,866	27.24%
2005	3,284,571	4,852,677	67.7	1,568,106	2,209,394	70.97
2007	4,330,099	6,081,884	71.2	1,751,785	2,512,607	69.72

**Schedule of Contributions from the Employer and Other Contributing Entities**

Calendar Year	Annual Required Contribution	Percentage Contributed
2003	\$ 143,118	100%
2004	143,117	100
2005	197,640	100
2006	210,687	100
2007	324,789	100
2008	385,733	100

**FIRE PENSION PLAN**

**Schedule of Funding Progress**

Valuation Date January 1,	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Percentage Funded	(UAAL) Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
2003	\$ 141,125	\$ 175,761	80.3%	\$ 34,636	\$ 324,537	10.67%
2005	255,444	314,401	81.2	58,957	358,470	16.45
2007	378,256	425,318	88.9	47,062	397,350	11.84

**EAST GOSHEN TOWNSHIP**  
**PENSION PLAN FUNDING PROGRESS**  
*Year Ended December 31, 2008*

**Schedule of Contributions from the Employer and Other Contributing Entities**

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 27,925	100%
2004	33,881	100
2005	28,135	100
2006	35,464	100
2007	37,497	100
2008	39,418	100

**NON-UNIFORMED EMPLOYEES PENSION PLAN**

**Schedule of Funding Progress**

<u>Valuation Date January 1,</u>	<u>Actuarial Value of Net Assets</u>	<u>Actuarial Accrued Liability Obligation</u>	<u>Percentage Funded</u>	<u>(UAAL) Unfunded Actuarial Accrued Liability</u>	<u>Projected Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
2003	\$ 1,110,430	\$ 1,160,110	95.7%	\$ 49,680	\$ 1,185,717	4.19%
2005	1,597,786	1,502,054	106.4	(95,732)	1,229,162	(7.79)
2007	1,723,088	1,688,693	102.0	(34,395)	1,467,711	(2.34)

**Schedule of Contributions from the Employer and Other Contributing Entities**

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 92,405	100%
2004	104,604	100
2005	98,525	100
2006	90,523	100
2007	93,068	100
2008	111,778	100

See accompanying note to the pension plan funding progress.

**EAST GOSHEN TOWNSHIP****NOTE TO THE PENSION PLAN FUNDING PROGRESS***Year Ended December 31, 2008***NOTE A      ADDITIONAL INFORMATION TO THE PENSION PLAN FUNDING PROGRESS**

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

	East Goshen- Westtown Police Pension Plan	Fire Pension Plan	Non-Uniformed Employees Pension Plan
Valuation date	January 1, 2007	January 1, 2007	January 1, 2007
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar	N/A
Asset valuation method	Fair value	Fair value	Fair value
Actuarial assumptions			
Investment rate of return	8%	7%	8%
Projected salary increases	5%	5%	5%
Cost-of-living adjustments	None	None	None

## **SUPPLEMENTARY INFORMATION SECTION**

**EAST GOSHEN TOWNSHIP**  
BALANCE SHEET  
OTHER GOVERNMENTAL FUND  
*December 31, 2008*

State Liquid  
Fuels  
Highway Aid  
Fund

ASSETS

Cash and cash equivalents

\$ 10,745

FUND BALANCES

Unreserved

\$ 10,745

**EAST GOSHEN TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCES**

**OTHER GOVERNMENTAL FUND**

*Year Ended December 31, 2008*

	State Liquid Fuels Highway Aid Fund
REVENUES	
Intergovernmental	\$ 369,318
Investment earnings	<u>5,499</u>
TOTAL REVENUES	<u>374,817</u>
EXPENDITURES	
Current	
Highways and streets	<u>376,682</u>
NET CHANGE IN FUND BALANCES	(1,865)
FUND BALANCES AT BEGINNING OF YEAR	<u>12,610</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 10,745</u></u>

# **EAST GOSHEN MUNICIPAL AUTHORITY**

## **ANNUAL FINANCIAL REPORT**

***Year Ended December 31, 2008***



**MAILLIE, FALCONIERO & COMPANY, LLP**

*Certified Public Accountants and Business Counselors*



## INTRODUCTORY SECTION

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## FINANCIAL SECTION



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**MAILLIE, FALCONIERO & COMPANY, LLP**  
*Certified Public Accountants and Business Counselors*

PO Box 3068  
West Chester, PA 19381-3068  
610-696-4353

FAX NO.: 610-430-8811  
www.maillie.com

**Independent Auditors' Report**

To the Members of the Board  
East Goshen Municipal Authority  
West Chester, Pennsylvania

We have audited the accompanying basic financial statements of the East Goshen Municipal Authority as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the East Goshen Municipal Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Goshen Municipal Authority as of December 31, 2008, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Maillie, Falconiero & Company, LLP*

West Chester, Pennsylvania  
June 8, 2009

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
 December 31, 2008

Our discussion and analysis of the East Goshen Municipal Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the Authority's financial statements, which begin with the balance sheet.

**FINANCIAL HIGHLIGHTS**

Cash represents 93% of the Authority's total assets and the net investment in lease accounts for 7% of the total assets.

The Authority has \$10,275,000 in outstanding debt compared to \$830,000 last year. The Series of 1998 debt matures annually through 2018. The Series of 2008 matures annually through 2032.

The total assets of the Authority exceeded its liabilities by \$1,467,205 (net assets).

During the year ended December 31, 2008, total revenues of the Authority were \$164,595, and total expenses and transfers, net, were \$764,776. This resulted in a decrease in net assets for the year of \$600,181.

Included in expenses for 2008 were \$541,966 of net transfers to East Goshen Township. This included funds expended for an upgrade and expansion project at the Ridley Creek sewer plant as well as payments to West Goshen Township for sewage treatment.

The Authority borrowed \$9,500,000 in December 2008 to fund the upgrade and expansion of the Ridley Creek Sewer Treatment Plant.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
*December 31, 2008*

The following two tables summarize the Authority's net assets and changes in net assets.

**Table 1 - Net Assets**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 10,945,947	\$ 1,977,033
Net investment in lease	775,000	830,000
Other assets	<u>61,967</u>	<u>125,912</u>
	<u>\$ 11,782,914</u>	<u>\$ 2,932,945</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 40,709	\$ 35,559
Guaranteed notes payable	<u>10,275,000</u>	<u>830,000</u>
	<u>10,315,709</u>	<u>865,559</u>
<b>NET ASSETS</b>	<u>1,467,205</u>	<u>2,067,386</u>
	<u>\$ 11,782,914</u>	<u>\$ 2,932,945</u>

**Table 2 - Change in Net Assets**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>	\$ 164,595	\$ 415,390
<b>EXPENSES</b>	<u>764,776</u>	<u>590,946</u>
<b>CHANGE IN NET ASSETS</b>	(600,181)	(175,556)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,067,386</u>	<u>2,242,942</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,467,205</u>	<u>\$ 2,067,386</u>

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
*December 31, 2008*

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Authority. The components of the report include the independent auditors' report, management's discussion and analysis, financial statements and notes to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Authority's financial statements.

The Management Discussion and Analysis (MD&A), prepared by the Township staff, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net assets, statement of revenues, expenses and change in net assets, statement of cash flows and the notes to the basic financial statements.

- The statement of net assets shows the financial condition of the Authority at the end of the fiscal period or a specific snapshot in time.
- The statement of revenues, expenses and change in net assets measures the results of operations of the Authority during the fiscal period.
- The statement of cash flows measures the resources provided during the fiscal period and the uses to which they are put.
- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Authority's financial condition.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
*December 31, 2008*

## **REPORTING**

East Goshen Municipal Authority was established in 1967 to finance the construction of the Township's sewage collection and treatment facilities. A five-member board, appointed by the Township's Board of Supervisors, governs the Authority. Although legally separate, the Authority is considered a component unit of the Township because the Township is financially accountable for it. The major function of the Authority is to provide financing for capital construction, expansion and upgrades to the Township's sewage collection and treatment facilities. The Authority owns two sewage treatment plants, six pumping stations and 86 miles of sewer lines. The Township has the responsibility for daily operations through a leaseback arrangement with the Authority.

Since 1979, the Authority has connected 662 Equivalent Dwelling Units (EDUs) to the Township sewer system. Since the inception of the Authority, developers have connected in excess of 1,650 EDUs to the system. Currently all of the business and commercial establishments in the Township are connected to either the public sewer system or to a community sewer system that serves Hershey's Mill Village. (Note: The Green Hill Sewer Association provides sewer service to the 1,702 dwelling units, Village Square Shopping Center and Wellington Hall life care facility, all of which are located within Hershey's Mill Village.) Of the 7,500 households in the Township, only 541 households (7%) utilize on-lot systems.

The Authority funded the construction costs for improvements to serve the homes connected by the Authority through a combination of tapping fees paid by property owners at the time of connection, a federal grant and debt incurred by the Authority.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives and disburses. If you have questions about this report or need additional information, please contact the Director of Finance at East Goshen Township, 1580 Paoli Pike, West Chester, PA 19380.



**EAST GOSHEN MUNICIPAL AUTHORITY****STATEMENT OF NET ASSETS***December 31, 2008***ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$ 10,945,947
Accrued interest receivable	2,509
Prepaid expenses	<u>1,066</u>

TOTAL CURRENT ASSETS	10,949,522
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**NONCURRENT ASSETS**

Deferred charges, note issues costs	58,392
Net investment in lease	<u>775,000</u>
TOTAL NONCURRENT ASSETS	<u>833,392</u>

TOTAL ASSETS	<u>\$ 11,782,914</u>
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**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts payable	\$ 22,084
Accrued interest payable	18,625
Current portion of guaranteed notes payable	<u>302,000</u>

TOTAL CURRENT LIABILITIES	342,709
---------------------------	---------

GUARANTEED NOTES PAYABLE, less current portion	<u>9,973,000</u>
TOTAL LIABILITIES	<u>10,315,709</u>

**NET ASSETS**

Unrestricted	
Designated for Sinking Fund	1,228,420
Other unrestricted	<u>238,785</u>
TOTAL NET ASSETS	<u>1,467,205</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,782,914</u>
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*See accompanying notes to the basic financial statements.*

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**EAST GOSHEN MUNICIPAL AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
*Year Ended December 31, 2008*

<b>OPERATING REVENUES</b>	
Lease rental collections	\$ 89,803
<b>OPERATING EXPENSES</b>	
East Goshen Township administrative charge	34,673
Engineering fees	26,009
Lease rental rebate	25,145
Legal and accounting fees	16,086
Loan costs	824
Other administrative expenses	12,909
Sewer system repairs	72,361
<b>TOTAL OPERATING EXPENSES</b>	<u>188,007</u>
<b>OPERATING LOSS</b>	(98,204)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	58,576
Tapping fees	16,216
Interest expense	(34,803)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>39,989</u>
<b>LOSS BEFORE TRANSFERS</b>	(58,215)
<b>TRANSFERS IN</b>	45,000
<b>TRANSFERS OUT</b>	<u>(586,966)</u>
<b>CHANGE IN NET ASSETS</b>	(600,181)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,067,386</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,467,205</u></u>

**EAST GOSHEN MUNICIPAL AUTHORITY****STATEMENT OF CASH FLOWS***Year Ended December 31, 2008***CASH FLOWS FROM OPERATING ACTIVITIES**

Lease rental payments	\$ 89,803
Payments to suppliers	(223,720)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>(133,917)</u></b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers from other funds	45,000
Transfers to other funds	(372,399)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>(327,399)</u></b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Tapping fees received	16,216
Deferred loan costs paid	(52,250)
Proceeds from bond issue	9,500,000
Principal payments on debt	(55,000)
Interest paid on debt	(34,803)
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>9,374,163</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	<u>56,067</u>
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<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,968,914</b>
--	------------------

<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>1,977,033</u></b>
---	-------------------------

<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 10,945,947</u></b>
---	-----------------------------

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES**

Change in net assets	\$ (98,204)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Loan costs	824
Increase in prepaid expenses	(1,066)
Decrease in accounts payable	(35,471)

<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>\$ (133,917)</u></b>
--	----------------------------

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Goshen Municipal Authority (the "Authority") is a component unit of the reporting entity of which East Goshen Township (the "Township") is the oversight unit. In preparing its separate financial statements, the Authority applies the following significant accounting policies.

**Basis of Presentation**

The basic financial statements are prepared on the basis of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, and related standards.

**Basis of Accounting**

The accompanying financial statements are presented on the accrual basis.

**Purpose of the Authority**

The Authority was formed by the Township for the purpose of financing the sewage collection system, which is leased back to the Township for operation. The Authority's members are appointed by the Township.

**Deferred Loan Costs**

Deferred loan costs are amortized on a straight-line basis over the life of the related debt.

**Use of Estimates**

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

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**NOTE B      DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. In 2008, the Authority did not have a formal deposit policy for custodial credit risk but has subsequently adopted one. The Authority uses both insurance provided by the Federal Deposit Insurance Corporation and collateralization to guard against custodial credit risk. Under the Authority's current procedures, in addition to the insurance provided by the Federal Deposit Insurance Corporation, deposits held by banking institutions are fully collateralized. The Authority requires all of its banking partners to pledge collateral held by an independent third-party institution, not in the Authority's name, in the amount of at least 102% of the deposit value. As of December 31, 2008, \$10,458,501 of the Authority's bank balance utilized this method of custodial risk.

**Credit Risk**

Pennsylvania statutes authorize the Authority to invest in U.S. Treasury bills, short-term obligations of the U.S. Government, obligations of the U.S. Government or Commonwealth of Pennsylvania or political subdivisions of the Commonwealth that are backed by the full faith and credit of the issuing government and shares of authorized investment companies provided that all of the company investments are authorized investments for an authority.

In addition, the Authority may invest in bank deposits, savings accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent that such investments are insured and, where amounts exceed the insured maximums, that the depository pledge collateral as provided by Pennsylvania law.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**NOTE C      LEASE AGREEMENT**

The sewer system is maintained and operated by the Township under a long-term lease, which expires in 2018.

The lease agreement requires that the Township pay rents to the Authority equal to the amount of the Authority's monthly debt service. In addition, the lease requires that one half of the excess of total revenue of the sewer system over total expenses of the operation of the sewer system be transferred annually to the Authority. The Authority has agreed to rebate 28% of its debt service rental collections to the Township.

Lease rental collections for 2008 are comprised of the following:

Payment for Authority debt service principal	\$	55,000
Payment for Authority debt service interest		34,803
One half of the excess of total revenue over expenses of sewer system operations		<u>-</u>
	\$	<u>89,803</u>

For the year ended December 31, 2008, the sewer system operations fund incurred a loss. Due to the loss, the Authority will not receive the normal transfer of one half of the excess total sewer revenue over expenses.

The Authority's net investment in lease is equal to the balance of the guaranteed note, Series of 1998, payable. Lease rental payments equal to the annual principal repayment of the note are applied to reduce the net investment in lease.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

**NOTE D      GUARANTEED NOTES PAYABLE**

The following is a summary of changes in guaranteed notes payable for the year ended December 31, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
NOTES					
Series of 1998	\$ 830,000	\$ -	\$ (55,000)	\$ 775,000	\$ 59,000
Series of 2008	<u>-</u>	<u>9,500,000</u>	<u>-</u>	<u>9,500,000</u>	<u>243,000</u>
	<u>\$ 830,000</u>	<u>\$ 9,500,000</u>	<u>\$ (55,000)</u>	<u>\$ 10,275,000</u>	<u>\$ 302,000</u>

Notes payable consisted of:

Guaranteed Note, Series of 1998, to the Delaware Valley Regional Finance Authority (DVRFA), interest, payable monthly, at a fixed rate of 3.84%, principal payable annually \$ 775,000

Guaranteed Note, Series of 2008, to the Delaware Valley Regional Finance Authority (DVRFA), interest, payable monthly, at a fixed rate of 3.96%, principal payable annually through 2032 9,500,000

\$ 10,275,000

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*December 31, 2008*

Annual debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 302,000	\$ 227,932	\$ 529,932
2010	315,000	393,675	708,675
2011	329,000	381,250	710,250
2012	343,000	368,275	711,275
2013	358,000	354,751	712,751
2014 to 2018	2,047,000	1,548,690	3,595,690
2019 to 2023	1,949,000	1,154,737	3,103,737
2024 to 2028	2,370,000	736,757	3,106,757
2029 to 2032	<u>2,262,000</u>	<u>228,293</u>	<u>2,490,293</u>
	<u>\$ 10,275,000</u>	<u>\$ 5,394,360</u>	<u>\$ 15,669,360</u>

**NOTE E      COMMITMENTS**

The Authority had contractual commitments at December 31, 2008, of approximately \$9,655,940 for construction and maintenance of the Ridley Creek Sewage Treatment Plant Upgrade.



WORKSHOP  
3. 8pgs  
1 of 8

**Memo**  
**East Goshen Township**  
**1580 Paoli Pike**  
**West Chester, PA 19380**  
**Voice (610) 692-7171**  
**Fax (610) 692-8950**  
**Email [rsmith@eastgoshen.org](mailto:rsmith@eastgoshen.org)**

**To:** Board of Supervisors  
Municipal Authority  
**From:** Rick Smith, Township Manager  
**Date:** June 25, 2009  
**Re:** FOURTH SUPPLEMENTAL LEASE

Attached please find the FOURTH SUPPLEMENTAL LEASE between East Goshen Municipal Authority and East Goshen Township for your review. The LEASE has been reviewed and approved by Bob Adams and Kristin Camp.

**FOURTH SUPPLEMENTAL LEASE**

**DATED DECEMBER 15, 2008**

**BETWEEN**

**EAST GOSHEN MUNICIPAL AUTHORITY**

**AND**

**TOWNSHIP OF EAST GOSHEN**

#### FOURTH SUPPLEMENTAL LEASE

THIS FOURTH SUPPLEMENTAL LEASE dated December 15, 2008, by and between **EAST GOSHEN MUNICIPAL AUTHORITY**, an authority organized and existing under the laws of the Commonwealth of Pennsylvania ("Authority") and the **TOWNSHIP OF EAST GOSHEN**, a municipality organized and existing under the laws of the Commonwealth of Pennsylvania ("Township"),

#### WITNESSETH:

WHEREAS, the Authority is a body corporate and politic organized by the Board of Supervisors of the Township of East Goshen, Chester County ("Township") and existing under the Municipality Authorities Act of 1945 (Act of May 2, 1945, P.L. 382, as amended and supplemented) of the Commonwealth of Pennsylvania ("Act"), as evidenced by its Certificate of Incorporation dated May 23, 1967; and

WHEREAS, the Authority was organized for the purpose of acquiring, holding, constructing, improving, maintaining and operating, owning, leasing, either in the capacity of lessor or lessee, sewers, sewer systems, or parts thereof, and sewage treatment works, including works for treating and disposing of industrial waste for the Township and for such other territory as it may be authorized to serve; and

WHEREAS, the Authority has acquired and constructed in increments a sewage collection and treatment system, which by a Contract and Lease dated December 30, 1968 ("Original Lease") it has leased to the Township, including any real estate thereafter acquired for or in connection therewith (collectively called "Sewer System"); and

WHEREAS, the Authority heretofore issued its Sewer Revenue Bonds, Series of 1968 ("1968 Bonds") secured by the Authority's Trust Indenture dated December 30, 1968 ("Original Indenture") with the National Bank of Chester County and Trust Company, as trustee, of which bank First Union National Bank is the successor by a series of mergers ("1968 Trustee"); and

WHEREAS, simultaneously with the execution of the Original Lease, the Authority assigned its interest therein to the 1968 Trustee under the Original Indenture; and

WHEREAS, to provide money for and toward the estimated cost of construction of certain Capital Additions to the Sewer System, the Authority has issued its Sewer Revenue Bonds, Series 1994 ("1994 Bonds") under and secured by the Original Indenture as supplemented by a Second Supplemental Indenture dated December 1, 1994; and

WHEREAS, the Authority sold and issued the 1994 Bonds to the Delaware Valley Regional Finance Authority ("DVRFA"); and

WHEREAS, the Authority and the Township entered into a Second Supplemental Lease dated December 1, 1994 ("Second Supplemental Lease") amending and supplementing the

Original Lease, which Second Supplement Lease was assigned to the 1968 Trustee to secure the 1994 Bonds; and

WHEREAS, the Authority, at the request of the Township, undertook certain improvements to the Sewer System in 1998 consisting of a capital contribution to be made to West Goshen Municipal Authority to purchase additional treatment capacity in the expanded plant of such Authority (collectively "1998 Improvements"); and

WHEREAS, the Authority also determined in 1998 to refund the 1968 Bonds and the 1994 Bonds (collectively "Refunded Bonds"); and

WHEREAS, in order to provide money toward the cost of redemption and payment of the Refunded Bonds and the costs of the 1998 Improvements, the Authority issued to DVRFA its Guaranteed Note Series of 1998 in the principal amount of \$1,340,000 ("1998 Note") pursuant to a Loan Agreement dated October 28, 1998 ("1998 Loan Agreement") with DVRFA; and

WHEREAS, the 1968 Trustee redeemed all of the Refunded Bonds on December 15, 1998 and, as authorized by the Indenture, the 1968 Trustee reassigned the Lease to the Authority; and

WHEREAS, the Authority and the Township entered into a Third Supplemental Lease dated October 15, 1998 ("Third Supplemental Lease") amending and supplementing the Original Lease and the Second Supplemental Lease; and

WHEREAS, the Authority has determined to undertake certain capital projects ("2008 Improvements") consisting of (i) the upgrade and expansion of the Ridley Creek Sewer Plant, (ii) improvements to the Sewer System, and (iii) the payment of the costs of issuance of the \$9,500,000 Guaranteed Sewer Revenue Notes, 2008 Series ("2008 Note") pursuant to a Loan Agreement dated December 15, 2008 ("2008 Loan Agreement") with DVRFA; and

WHEREAS, the Authority and the Township have both approved the plans for the 2008 Improvements as prepared by Pennoni Associates, Inc., consulting engineers for the Authority, and the estimated cost thereof; and

WHEREAS, the Township is willing to pay as additional rental under the Lease any amounts which may become due by the Authority under the 2008 Loan Agreement as described above (collectively "Rentals"); and

WHEREAS, the Township has agreed to lease the Sewer System from the Authority and to maintain and operate it, and has agreed in the Original Lease to fix, charge, impose and collect during the entire term of said Lease from the users of the Sewer System rents and charges which will be sufficient, together with other available funds (including tapping fees which are to be collected by it as agent of the Authority), to provide funds for the payment in each year of (i) the estimated expenses of operating, maintaining and repairing the Sewer System and the making of all ordinary improvements, additions and extensions which may be necessary or proper to provide or maintain adequate service, the costs of which are not otherwise provided for and the

payment of all applicable taxes, (ii) the rentals payable under the Original Lease and under any and all supplemental or additional sewer leases, and (iii) the Administration Expenses of the Authority.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, each intending to be legally bound hereby, the Authority and the Township do hereby agree as follows:

## **ARTICLE I DEFINITIONS**

Section 1.01. All capitalized terms used herein which are not defined herein shall have the same meanings as are set forth in the Original Lease, as amended.

## **ARTICLE II 2008 IMPROVEMENTS**

Section 2.01. The Authority agrees, out of the proceeds to be received by it from the sale of the 2008 Note and such other money as may be available to it, to pay all expenses incurred by the Authority in connection with the issuance and sale of the 2008 Note and all expenses related to the 2008 Improvements and to reimburse the Township for expenses heretofore incurred by it with respect thereto.

Section 2.02. The Township acknowledges that it has complete and satisfactory information with respect to the 2008 Improvements and with respect to the estimated cost of construction of the 2008 Improvements. To the extent that the proceeds of the 2008 Note are insufficient to pay the cost of the 2008 Improvements, as it may be modified with the prior approval of the Township, the Township will either provide funds to pay such costs or assist the Authority in obtaining such funds through supplemental financing.

## **ARTICLE III AMENDMENTS TO ORIGINAL LEASE**

Section 3.01. The Original Lease is hereby amended as set forth below in this Article. Unless otherwise indicated herein, the previous amendments to the Original Lease shall remain in effect.

Section 3.02. The terms defined in the recitals hereto are hereby added as definitions to Article I of the Original Lease.

Section 3.03. Section 2.04 is hereby amended so that section shall hereafter read in full as follows:

A. The amount to the credit of the Sewer Revenue Account shall be applied by the Township for the payment of the expenses and operation, maintenance and repair of the Sewer System and the making of all ordinary improvements and additions to such System, and

the payment of administration expenses of the Authority. The Township agrees that it will not make any withdrawal from the Sewer Revenue Account except for the purposes and in the manner provided in this Section.

B. As long as the 2008 Note is outstanding, the Township shall pay to the Authority, in addition to the amounts due under the 1998 Note, as additional rentals ("Rentals") for use of the Sewer System, the following: (i) on the 25th day of each month beginning in January, 2009, an amount equal to the debt service on the Note becoming due on each such date, but not exceeding in the aggregate in any calendar year the amount specified as the maximum for such year as set forth on Schedule A attached hereto, which is based upon debt service becoming due on the Note at its maximum rate of 15% per annum; and (ii) promptly upon request by DVRFA from time to time, and to the extent the revenues of the Authority are insufficient for such purpose, all amounts becoming due by the Authority to DVRFA under the 2008 Loan Agreement, all as specified in bills from DVRFA, copies of which will be promptly sent by the Authority to the Township.

C. The Township shall no longer transfer annually, after receipt of the annual financial statements of the Sewer Revenue Account and the annual financial statements of the Authority for the preceding year, from the Sewer Revenue Account to the Township's General Fund, an amount equal to one-half of the excess of total revenue of the Sewer System over total expenses of the operation of the Sewer System, including administrative costs and debt service. Such excess revenue shall instead remain in the Sewer Operating Account and shall be used to fund the debt service of the 2008 Note.

D. The balance of the Capital Additions Fund, if any, created by the Third Supplemental Lease shall be invested only as permitted by the Municipality Authorities Act, and shall be used solely for any purpose related to the Sewer System.

Section 3.04. Section 2.16, as added by the Second Supplemental Lease and amended by the Third Supplemental Lease, is hereby amended to read in full as follows:

The Township hereby covenants and agrees that it will (i) include in its budget for each year the amounts payable in respect of its rental obligations under this Lease, as supplemented by the Fourth Supplemental Lease, and any subsequent Supplemental Lease, (ii) appropriate such amounts, from its general or other available revenues, to such payments, and (iii) duly and punctually pay, or cause to be paid, to the Authority or its assignee, from any of its revenues or funds, amounts due from it under the Lease, as so supplemented, at the times, in the manner, and according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Township hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable.

Section 3.05. Section 4.01 is hereby amended so that it will read in full as follows:

In the event that the Township shall fail to pay when due any of the Rentals provided for in Section 2.04 hereof, or shall fail to comply with any other of its covenants or agreements in this Contract and Lease, as the same has been supplemented and amended, for a

period of sixty (60) days after written notice from the Authority or its attorney, the Authority or its attorney may without further notice terminate this Contract and Lease, as so supplemented and amended, and take possession of the Sewer System and each and every part thereof. In the event that the Authority shall be entitled to terminate this Contract and Lease, as so supplemented and amended, upon default of the Township as aforesaid, any trustee appointed by the holders of the Note or other obligations of the Authority and pursuant to the Municipal Authorities Act of 1945, or any receiver appointed pursuant to said Act, may as the attorney-in-fact of the Authority exercise all its rights to terminate this Contract and Lease as above provided and may take possession of the Sewer System. In the event that this Contract and Lease shall be terminated as above provided, the Township shall surrender all its books and records relating to the Sewer System and all moneys held in the Sewer Revenue Account to whomever shall take possession of the Sewer System.

Section 3.06. Section 4.02 is hereby amended so that it will read in full as follows:

The Township shall furnish to the Authority (a) on or before May 31 of each year during the term of this Contract and Lease, as supplemented and amended, commencing May 31, 2009, an operating statement for the Sewer System for the preceding Fiscal Year. Such statements shall be in such form as may be reasonably required by the Authority, showing, among other things, sewer rents and other charges (including sewer connection charges) collected; sewer rents and other charges (including sewer connection charges) due and unpaid; the amounts paid to the Authority as Rentals under Section 2.04; the amount retained as working capital; the amounts transferred to the Capital Additions Fund; the amount of assessments, if any, made; the amounts, if any, paid to the Authority representing assessments and the amount of assessments due and unpaid.

The annual operating statements shall be prepared and certified by an independent certified public accountant satisfactory to the Authority. Such statements shall be accompanied by a certificate of such accountant stating whether in performing its audit, the accountant has become aware of any breach by the Township of any of the provisions of this Contract and Lease, as supplemented and amended, specifying the nature of the breach.

The Township shall furnish or cause to be furnished to the Authority and DVRFA on or before June 15 of each year commencing June 15, 2009, a copy of said operating statement and report for the preceding Fiscal Year and, in addition, the following (1) a copy of the complete financial statement of the Township for the preceding fiscal year; and (2) a copy of the budget of the Township for the current fiscal year.

Section 3.07. Section 4.06 which was added by the Second Supplemental Lease and amended by the Third Supplemental Lease at the end of Article IV of the Original Lease is hereby amended to read in full as follows:

As long as the 2008 Note is outstanding, the Township shall deliver to DVRFA, as soon as available and in any event within 120 days after the end of each fiscal year, audited financial statements of the Township or the Annual Audit and Financial Report submitted to the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

The treasurer of the Township shall, at the reasonable request of the DVRFA or the DVRFA's trustee, discuss its financial condition and provide the DVRFA with any information or documents necessary for the credit enhancement, remarketing or rating of the DVRFA's outstanding bonds.

Section 3.08. Section 5.01 is amended to change the termination date of the Lease to June 25, 2032.

#### ARTICLE IV MISCELLANEOUS

Section 4.01. This Fourth Supplemental Lease is executed and shall be considered as supplemental to and amendatory of the Original lease, as heretofore supplemented and amended by the Second and Third Supplemental Leases and shall form a part thereof, and the Original Lease, as so supplemented and amended, is hereby ratified and confirmed.

Section 4.02. This Fourth Supplemental Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Township have caused this Fourth Supplemental Lease to be executed the day and year first above written.

ATTEST:

EAST GOSHEN MUNICIPAL  
AUTHORITY

\_\_\_\_\_  
Secretary

By:

\_\_\_\_\_  
Chairman

ATTEST:

EAST GOSHEN TOWNSHIP

\_\_\_\_\_  
Secretary

By:

\_\_\_\_\_  
Chairman



**Memo****East Goshen Township****1580 Paoli Pike****West Chester, PA 19380****Voice: (610) 692-7171****Fax: (610) 425-8950****E-mail: [mgordon@eastgoshen.org](mailto:mgordon@eastgoshen.org)****Date: June 24, 2009****To: Board of Supervisors****CC: Ms. Shirley Fox****From: Mark Gordon, Township Zoning Officer****Re: Shirley Fox****1711 East Boot Road****Dear Board Members:**

I have had several conversations with Shirley Fox regarding the subdivision of her property at 1711 East Boot Rd. During the initial research for subdivision of the lot, Ms. Fox's engineer discovered a second parcel described in the deed. Upon my research it appears that on April 7, 1964 the East Goshen Township Board of Supervisors approved the Applebrook Farm Auction Plan. This plan shows that Ms. Fox's property was comprised of two lots, one of which was owned by Charles P. O'Conner and the other owned by Lankhenau Hospital.

The Historic house and barn are depicted on the lot owned by the hospital and the pasture or "Paddock" was included with "Lot 4" on the Auction Plan. Ms. Fox would like to sell off the "Paddock" Lot. The County Recorder's office has agreed to honor the 1964 subdivision approval and issue a new tax parcel # for the lot if the Board of Supervisors will recognize that subdivision.

If the Board were willing to honor the SD approval from 1964 a new parcel would be created and a new deed. Ms. Fox could convey the parcel and a perspective buyer could go through the permitting process to construct a new single family home on the lot.



# THE COUNTY OF CHESTER

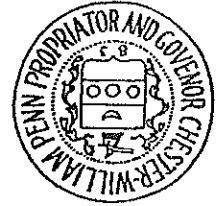
## COMMISSIONERS

Terence Farrell  
Carol Aichele  
Kathi Cozzone

CHESTER COUNTY HEALTH DEPARTMENT  
Chester County Government Services Center  
601 Westtown Road, Suite 290  
West Chester, PA 19380-0990  
610-344-6225 FAX: 610-344-6727  
[www.chesco.org/health](http://www.chesco.org/health)

MARGARET C. RIVELLO, M.B.A.  
County Health Director

WORKSHOP  
FYI 10/2



RECEIVED  
BY: \_\_\_\_\_

FYI

June 8, 2009

Dear Municipal Officials:

The Chester County Health Department (CCHD) is engaging in a multi-municipal effort to communicate the importance of ensuring that municipalities require soil suitability testing whenever any subdivision of land occurs involving an existing structure utilizing an on-lot sewage disposal system. The definition of a subdivision is: "The division or redivision of a lot, tract, or other parcel of land into two or more lots, tracts, parcels or other divisions of land, including changes in existing lot lines."

The intent of this letter is to stress the importance of soils suitability testing whenever an existing structure using an on-lot sewage disposal system is proposed to be subdivided from a larger parcel or tract of land, or to have the lot area reduced due to a lot line change. The CCHD has historically reviewed these types of proposals, at the request of municipalities. Our review is intended to ensure that there will be the ability to provide sufficient long-term sewage facilities for the existing structure(s), as required when utilizing the Pa DEP "Request for Planning Waiver & Non-Building Declaration" Form (NB Waiver). This form is typically the planning mechanism used for subdividing parcels when no new building or development is being proposed. Since municipalities requested our review of these proposals, CCHD has had the opportunity to require additional soils suitability testing, wherever deemed necessary, to ensure that the long-term on-lot sewage facilities needs of a site or building can be met.

CCHD would like to bring to your attention that PA DEP has been granting waivers from Sewage Facilities Planning requirements for these types of proposals. As a result of these planning waivers, CCHD no longer has the opportunity to review and comment on these proposals for the benefit of the municipality. The impact on the municipality is that parcels or lots may be created without the ability to provide for future replacement of the existing on-lot sewage disposal system in the event it becomes necessary. Problems associated with lots created this way could require municipal involvement and expense. In addition, as part of the NB Waiver process, CCHD is required to conduct a site inspection to verify that there are no violations of the Sewage Facilities Act. If the entire planning process is waived, unless the municipality requires our involvement, we lose the ability to act in the best interest of the municipality for these proposals.

Property owners could also be adversely affected as a result of PA DEP waiving the Sewage Facilities Planning process in a subdivision context. Lots or parcels created without review or comment from CCHD, pertaining to existing sewage disposal systems and future replacement of on-lot sewage facilities, could present situations where the native soils may not be suitable for the installation of a sewage disposal system. Property values may be affected without adequate sewage facilities. Lots or parcels with inadequate sewage facilities may be difficult to market and become a financial burden to property owners and ultimately the Municipality.

The CCHD strongly recommends that municipalities require property owners to obtain CCHD review of any subdivisions or lot line change involving existing structures using on-lot sewage disposal systems to ensure that a lot or parcel is not created or modified without verifying that the long-term sewage facilities needs of that lot can be met. The requirement that any subdivision or lot line change involve CCHD will greatly benefit the municipality. According to Pa DEP Regulations, municipalities are ultimately responsible to assure the proper operation and maintenance of sewage facilities within their borders. CCHD knows that your municipality will be best served by requiring these proposals to be submitted to our Department for review and comment.

Please feel free to contact your CCHD Sewage Enforcement Officer to discuss this matter further.

Sincerely,



Ralph E. DeFazio  
Environmental Health Supervisor  
Chester County Health Department

CC: All CCHD SEOs  
file

WESTTOWN TOWNSHIP PLANNING COMMISSION MEETING BY: \_\_\_\_\_

Stokes Assembly Hall  
1039 Wilmington Pike, Westtown Township  
May 20, 2009 - 7:30PM

RECEIVED

JUN 22 2009

FYI

Call to Order

Chairman Purcell led those present in the Pledge of Allegiance to the Flag and called the meeting to order.

Present

Commissioners – Whitig, Walter, Adler, Purcell, Lees, Pomerantz, and Rohrbach. Also present were Township Manager Robert Layman, Township Engineer Rob Pingar, one guest and those mentioned below.

Adoption of Agenda

The Agenda was adopted as submitted (MP/JL).

Approval of Minutes

The minutes of the Planning Commission meeting of April 8, 2009 were approved as submitted. (MP/JL)  
Approved - Whitig, Walter, Adler, Purcell, Lees. Abstain – Pomerantz, Rohrbach.

Reports.

Brent Whitig reported on the Board of Supervisors meeting of May 18<sup>th</sup>. He reported to the Board that the Commission recommended accepting the architectural changes. The Board agreed, however, there was some discussion of the exact terms of the fee in lieu of landscaping. The Lighting Amendment is scheduled for a hearing at the June 15<sup>th</sup> Board Meeting following review by Chester County Planning Commission.

Announcements

Chester County Planning Commission will hold a Landscape 2 update meeting on June 10<sup>th</sup>, 7:30pm, at the Government Services Building.

Dick Pomerantz asked about the Township/s regulations relating to door to door solicitors. Non-profits are not required to get a permit, but the Township does get the names and advise the Police Department. Those persons actually selling services or products are required to get a permit.

Non-agenda Public Comment. None at this time.

Tract 2008-10, J & A Construction, 1015 Shiloh Road.

Present were developer Fred Tordone and Engineer Steve Sauselein of E. B. Walsh Associates. PC received revised plan dated April 30, 2009, McCormick Taylor letter dated May 20, 2009, and Chester County Conservation District (CCCD) letter dated May 18, 2009.

Mr. Sauselein said that the PaDEP has approved exemption from Planning Modules. He further stated that the applicant has complied with URS comments. Referring to the McCormick Taylor letter, he argued that there is nothing further to be done relating to approval of septic systems at this point as DEP has granted the planning module exception. Septic permit applications will be submitted to Chester County Health Department for review and approval at the proper time. Mr. Pingar indicated that other than the sewer/septic issues, all other comments in the May 20<sup>th</sup> letter were technicalities. URS has not yet confirmed that all requested revisions in the March 3<sup>rd</sup> letter have been made. PC will make confirmation of this a condition of approval. The PC suggested designating a backup area for replacement of a septic system on the plan although this not currently required by Chester County Health Department or by

Township Ordinance for lots of the size proposed by this subdivision. Mr. Tordone indicated areas on the lots where perc tests had been performed and where replacement septic systems could be located. Mr. Sauselein confirmed that there were areas available. The Commission will make URS confirmation of the engineer's testimony a condition of approval.

The plan shows a proposed public sewer connection for Lot 1 since there is a sewer main (non-functional) in Shiloh Road in front of this lot. The sewer main does not extend to Lot 2. PC suggests that a plan note be added stating that the Board of Supervisors may require Lot 2 to be connected at such time as connection is possible.

Motion, (MPJL) ) the Planning Commission recommends that the Board approve the Preliminary/Final Plan for Tract 2008-10 with the following conditions:

1. All items in the McComick Taylor letter of 5/20/2009 are addressed.
2. URS confirms that the items in their letter of 3/3/2009 have been addressed and that URS confirms the testimony of the applicant's engineer that there is suitable area available for replacement septic systems if required.
3. A note is added stating that the Board of Supervisors may require that Lot 2 be connected to the public sewer when available.

Unanimously approved.

#### **Zoning Hearing Board – Variance Application, 67-3-147, 1638 East Street Road**

The Township has received an application for a Building Permit for a new house on this property. Present were Steve Lady, property owner, and his Engineer Rob Lambert. During review of the application for the required Storm Water Management permit, the Township Engineer observed that the house did not have the proper setback from the Ultimate Right-of-way of East Street Road (Route 926). A new plan, with the proper setback, was submitted, however, this shows the building footprint intruding into the 75 foot stream buffer.

Engineer Rob Lambert stated that, while the applicant does not necessarily agree that the setback should be measured from the ultimate right-of-way as Route 926 is a state highway and the ultimate right-of-way is not required by PennDOT, they have agreed to move the building envelope. There is a problem because the 75 foot riparian buffer required for a perennial stream covers approximately 60 percent of the property. The new building footprint intrudes slightly into this area. Mr. Lambert explained that it is not possible to locate the desired house on the property and comply with both the ultimate right-of-way and the riparian buffer requirements. Steve Love, property owner, states that this is not a perennial stream as there is no water flowing during dry periods. Mr. Lambert notes that the intrusion is minor and the contours are such that the actual runoff flows further than 75 feet before reaching the stream bed.

As this property is located in an area where right-of-way on this property would be necessary to realign Route 926 to mitigate a bad curve, the Township Staff and Engineer suggest it would be preferable to have the setback measured from the ultimate right-of-way.

Motion (MP/RP), As the applicant has maintained the setback from the ultimate right-of-way which the Planning Commission considers the preferable arrangement for safety reason, the Commission suggests that the Zoning Hearing Board grant the requested variance to permit the encroachment into the riparian as shown on the applicant's plan. The Commission also recommends that the applicant not be permitted to remove any viable landscaping features existing within the riparian buffer in order to mitigate the impact of this intrusion.

#### **Public Comment.**

Walter Pavelchek, South New Street, commented that the 75 buffer was incorporated as a result of Chester County Landscapes. He also noted that in most cases the riparian buffer consists of lawn which does not function to preserve the stream as intended.

Unanimously approved.

Public Comment None at this time.

Adjournment. – (MP/JL) 8:19PM

Elaine L. Adler  
Planning Commission Secretary

BOARD OF SUPERVISORS  
EAST GOSHEN TOWNSHIP

CHESTER COUNTY  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

WORKSHOP

FYI

FYI

June 18, 2009

Ms. Debra Shulski, Esq.  
Riley, Riper, Hollin & Colagreco  
Eagleview Corporate Center  
P.O. Box 1265  
Exton, PA 19341-1265

Ms. Shulski,

As per your request, the Board of Supervisors opened the Conditional Use Hearing for Metro PCS on Tuesday June 16, 2009 and continued it until July 21, 2009.

The Planning Commission meets on July 1, 2009 and the Metro PCS Conditional Use application is on their agenda.

Please give me a call at 610-692-7171 or email me at [mgordon@eastgoshen.org](mailto:mgordon@eastgoshen.org) if you have any questions or need additional information.

Sincerely,



Mark A. Gordon  
Township Zoning Officer

BOARD OF SUPERVISORS  
EAST GOSHEN TOWNSHIP  
CHESTER COUNTY  
1580 PAOLI PIKE, WEST CHESTER, PA 19380-6199

WORKSHOP



June 25, 2009

Dear Property Owner:

The purpose of this letter is to inform you that Mr. John Mummert has submitted a Zoning Hearing Board application requesting a Zoning Variance for his property located at 1417 Center Street, West Chester PA, 19380. The applicant proposes to construct an addition to the rear of his home and cannot meet the 30-foot rear yard setback requirement. The applicant is seeking relief from §240-10.G in order to construct a 12' X 27' home addition.

Pursuant to Township policy, property owners and residents within 1000 feet of the subject property are notified of Zoning Variance applications.

**The meeting dates and times when this application will be discussed are outlined below.**

**July 1, 2009** - Planning Commission meeting (workshop at 7 pm, formal meeting @ 7:30 pm)

**July 7, 2009** - Board of Supervisors meeting (workshop at 7:00 pm, formal meeting @ 8:00 pm)

**July 23, 2009** - Zoning Hearing Board (meeting @ 7:30 pm) **(Zoning Hearing)**

All meetings are held at the Township Building and are open to the public. The plans are available for review during normal business hours. Please give me a call at 610-692-7171 or email me at [mgordon@eastgoshen.org](mailto:mgordon@eastgoshen.org) if you have any questions or need additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark A. Gordon'. The signature is fluid and cursive, with a large 'M' and 'G'.

Mark A. Gordon  
Township Zoning Officer

Cc: All Township Authorities, Boards and Commissions  
Ross Unruh, Esq. Zoning Hearing Board Solicitor