

EAST GOSHEN TOWNSHIP

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2023

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INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Goshen Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise East Goshen Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Goshen Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note L to the financial statements, the opening net position of the governmental activities and business-type activities have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

East Goshen Township's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Goshen Township's ability continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Goshen Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Goshen Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 17, budgetary comparison information on pages 59 through 61 and pension plan information on pages 62 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Goshen Township's basic financial statements. The Combining Balance Sheet, Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024 on our consideration of East Goshen Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Goshen Township's internal control over financial reporting and compliance.



New Castle, Delaware
May 2, 2024

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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, 2023. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which begin with the statement of net position.

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 2023 are compliant with GASB 34.
- The net position of the Township at the close of the 2023 fiscal year was \$41,904,177. 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 position of the governmental activities (General, Bond Fund, Capital Reserve, COVID Relief, Road Improvements, Infrastructure and State Liquid Fuels (Highway Aid) Funds) is \$32,846,871. The comparable total as of December 31, 2022, was \$30,826,123.
- The net position of the business-type activities (Refuse, Sewer, Sewer Capital Reserve and Municipal Authority Funds) is \$9,057,306. The unrestricted net position for the business-type activities as of December 31, 2023, is \$3,967,069 while \$5,090,237 is invested in capital assets.
- The Township implemented a local real estate tax of 1.75 mills in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's fiscal year 2023 financial statements. The Township's fiscal year 2023 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.

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.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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 Position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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 18 and 19 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.

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.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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 seven 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's seven Governmental Funds are the General Fund, the Bond Fund, the Road Improvements Fund, the Capital Reserve Fund, COVID Relief Fund, Infrastructure Fund and the State Liquid Fuels (Highway Aid) Fund. The basic Governmental Funds financial statements can be found on pages 20 through 23 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 Refuse Fund, Sewer Fund, Sewer Capital Reserve Fund and Municipal Authority Fund. The Township has no Internal Service Funds.

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 24 through 26 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 four Fiduciary Funds: the Non-Uniformed Pension Fund, the Non-Uniformed Defined Contribution Pension Fund, the Firemen's Pension Fund, and the Police Pension Trust Fund.

The Fiduciary Funds financial statements can be found on pages 27 and 28 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 29 through 58 of this report.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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 59 through 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the statement of net position (as shown below) may serve over time as a useful indicator of the Township's financial position. The Township's total net position was \$41,904,177 and \$39,372,337 at the close of December 31, 2023 and 2022, respectively. This represents an increase of \$2,531,840, or 6.4%, over the total net position of \$39,372,337 as of the close of fiscal year 2022.

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 net position, \$3,128,878 at December 31, 2023 and \$2,278,656 at 2022, represents resources that are subject to external restrictions on how they may be used. This is the net position of the Road Improvements Fund, Infrastructure Fund, COVID Relief Fund and the State Liquid Fuels (Highway Aid) Fund.

The majority of the Township's net position at December 31, 2023, \$18,828,730 or 44.93%, 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 compared to \$19,011,005 or 48.3% at December 31, 2022.

EAST GOSHEN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

Statement of Net Position

	2023			2022		
	Governmental	Business-Type	Totals	RESTATED	RESTATED	
	Activities	Activities		Governmental	Business-Type	Totals
ASSETS						
Current and other assets	\$ 22,241,711	\$ 4,059,407	\$ 26,301,118	\$ 22,458,124	\$ 4,418,072	\$ 26,876,196
Capital assets	18,257,400	13,393,492	31,650,892	17,259,220	13,270,731	30,529,951
TOTAL ASSETS	40,499,111	17,452,899	57,952,010	39,717,344	17,688,803	57,406,147
DEFERRED OUTFLOWS OF RESOURCES	405,910	-	405,910	949,025	-	949,025
LIABILITIES						
Other liabilities	802,501	791,458	1,593,959	1,852,255	839,334	2,691,589
Long-term liabilities	5,625,556	7,604,135	13,229,691	6,235,005	8,303,255	14,538,260
TOTAL LIABILITIES	6,428,057	8,395,593	14,823,650	8,087,260	9,142,589	17,229,849
DEFERRED INFLOWS OF RESOURCES	1,630,093	-	1,630,093	1,752,986	-	1,752,986
NET POSITION						
Net investment in capital assets	14,856,332	5,090,237	19,946,569	13,788,320	4,294,356	18,082,676
Restricted	3,128,878	-	3,128,878	2,278,656	-	2,278,656
Unrestricted	14,861,661	3,967,069	18,828,730	14,759,147	4,251,858	19,011,005
TOTAL NET POSITION	\$ 32,846,871	\$ 9,057,306	\$ 41,904,177	\$ 30,826,123	\$ 8,546,214	\$ 39,372,337

The Township’s Statement of Activities shows how the net position changed during the fiscal year 2023. The Statement of Activities can be found on page 19 of this report.

As shown on the Statement of Activities, the Township’s net position increased by \$2,531,840 from January 1, 2023. Of this amount, \$2,020,748 was an increase from governmental activities (General, Bond, Capital Reserve, COVID Relief, Road Improvements, Infrastructure and State Liquid Fuels (Highway Aid) Funds) and \$511,092 was an increase from business-type activities (Refuse, Sewer, Sewer Capital Reserve and Municipal Authority Funds).

Governmental Activities

To understand how the net position changed in the governmental activities, you must look at the “Statement of Revenues, Expenditures and Changes in Fund Balances” (page 22) along with the “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities” (page 23).

Fund Financial Statements

On page 22, 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 \$458,333, and it increases the fund balances from January 1, 2023 to December 31, 2023. The total fund balances at December 31, 2023, are \$17,996,193.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

The reconciliation on page 23 explains how the Township arrived at the \$2,020,748 increase in net position of the governmental activities from the Governmental funds. Most of the change is due to the repayment of debt in the amount of \$505,653, which reduces long-term liabilities in the Statement of Net Position and the amount of \$998,180 by which capital outlays exceed depreciation in the current period.

The *General Fund* reflects an increase of \$798,377 in fund balance for the year. The fund balance at December 31, 2023, is \$8,137,432.

The *Bond Fund* reflects a decrease of \$437,917 in fund balance for the year. The fund balance at December 31, 2023, is \$1,907,454.

The *Capital Reserve Fund* reflects an increase of \$83,104 in fund balance for the year. 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 fund balance at December 31, 2023, is \$5,657,882.

The *COVID Relief Fund* reflects an increase of \$18,564 in fund balance for the year. The fund balance at December 31, 2023, is \$32,781.

The *State Liquid Fuels Highway Aid Fund* reflects an increase of \$493 in fund balance for the year. The fund balance at December 31, 2023, is \$1,057.

The *Road Improvements Fund* reflects an increase in its fund balance of \$24,901. The fund balance at December 31, 2023, is \$493,826.

The *Infrastructure Fund* reflects a decrease of \$29,189 in fund balance for the year. The fund balance at December 31, 2023, is \$1,765,761.

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

Expenses - Governmental Funds

	2023	2022	Increase (Decrease)
General government	\$ 2,053,708	\$ 1,926,906	\$ 126,802
Public safety	5,349,112	5,075,569	273,543
Sanitation	131,081	113,673	17,408
Highways and streets	2,141,731	2,097,894	43,837
Culture and recreation	887,009	794,880	92,129
Conservation and development	2,065	2,337	(272)
Principal and interest on long-term debt	673,491	672,577	914
Capital outlay and miscellaneous	2,574,862	2,476,540	98,322
	<u>\$ 13,813,059</u>	<u>\$ 13,160,376</u>	<u>\$ 652,683</u>

Expenses in Governmental Funds increased by \$652,683, or 5.0%, between the years 2022 and 2023, primarily due to increased contributions to Westtown East Goshen Regional Police and local fire and EMS services. 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 22) for fiscal year 2023 were \$14,138,893.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

The percent of these revenues by source was as follows:

	2023 Revenues by Source	2023 % of Total	2022 Revenues by Source	2022 % of Total
Taxes	\$ 9,821,402	69.5%	\$ 8,984,050	69.3%
Fees, licenses and permits	415,050	2.9%	425,554	3.3%
Fines and forfeits	54,258	0.4%	69,504	0.5%
Interest and rents	1,078,175	7.6%	560,492	4.3%
Intergovernmental	1,914,321	13.5%	2,032,557	15.7%
Charges for services	792,541	5.6%	702,735	5.4%
Miscellaneous	63,146	0.5%	190,873	1.5%
	<u>\$ 14,138,893</u>	<u>100.0%</u>	<u>\$ 12,965,765</u>	<u>100.0%</u>

Business-Type Activities

As noted previously in this MD&A, the increase in net position for business-type activities (Refuse, Sewer, Sewer Capital Reserve and Municipal Authority Funds) was \$511,092 (page 19).

The business-type activities referred to in the Government-wide Financial Statements (pages 18 and 19) are reported as Proprietary (or Enterprise) Funds in the Fund Financial Statements (pages 24 through 26).

The *Sewer Fund's* share of the \$511,092 increase in net position was an increase of \$658,589 for 2023, as compared to an increase of \$868,512 for 2022.

Sewer Fund Statements of Revenues, Expenses and Changes in Net Position 2023 Comparison to 2022

	2023	2022
OPERATING REVENUES	\$ 3,492,101	\$ 3,146,357
OPERATING EXPENSES	<u>3,485,877</u>	<u>2,873,814</u>
OPERATING INCOME	6,224	272,543
NONOPERATING REVENUES (EXPENSES), NET	<u>(15,202)</u>	<u>(56,747)</u>
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	(8,978)	215,796
INTERFUND TRANSFERS, NET	<u>667,567</u>	<u>652,716</u>
CHANGE IN NET POSITION	<u>\$ 658,589</u>	<u>\$ 868,512</u>

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Quarterly sewage usage charges billed to residential and commercial customers were changed from flat rate to metered billing rate in the second quarter of 2010. The rates changed in October 2022 from \$9.70/thousand gallons and \$35.61 fixed/quarter to \$9.70/thousand gallons and \$55.61 fixed/quarter.

The *Refuse Fund's* experienced a decrease in net position of \$70,833 for 2023 due to higher costs for processing recycled materials. The Refuse Fund's net position increased by \$76,643 in 2022.

Refuse Fund Statements of Revenues, Expenses and Changes in Net Position 2023 Comparison to 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	\$ 1,366,341	\$ 1,362,095
OPERATING EXPENSES	<u>1,620,037</u>	<u>1,346,851</u>
OPERATING INCOME (LOSS)	(253,696)	15,244
NONOPERATING REVENUES, NET	<u>182,813</u>	<u>61,399</u>
CHANGE IN NET POSITION	<u>\$ (70,883)</u>	<u>\$ 76,643</u>

The current refuse rate is \$100/quarter.

The *Municipal Authority* experienced an increase in net position of \$62,080 for the year 2023. The Municipal Authority's net position decreased by \$38,781 for the year 2022.

Municipal Authority Statements of Revenues, Expenses and Changes in Net Position 2023 Comparison to 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	\$ 780,619	\$ 780,571
OPERATING EXPENSES	<u>109,099</u>	<u>127,981</u>
OPERATING INCOME	671,520	652,590
NONOPERATING REVENUES (EXPENSES), NET	<u>(175,055)</u>	<u>14,688</u>
INCOME BEFORE INTERFUND TRANSFERS	496,465	667,278
INTERFUND TRANSFERS, NET	<u>(434,385)</u>	<u>(706,059)</u>
CHANGE IN NET POSITION	<u>\$ 62,080</u>	<u>\$ (38,781)</u>

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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 2033.

The lease agreement requires that the Township pay rents to the Authority equal to the amount of the Authority's monthly debt service on long-term guaranteed notes payable to the Delaware Valley Regional Finance Authority.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

During the year, General Fund revenues were greater than budgetary estimates by \$1,277,934.

Total tax revenues were over budget by \$236,788. Real estate property tax collections were over budget by \$23,143 or about .8%. Earned Income Tax was over budget by \$309,186 or about 5.5%, due to higher than expected collections of prior year and current year taxes. Real Estate Transfer Tax was under budget by \$100,124 or about 12.5% due to less demand for commercial and residential properties. Local Services Tax was over budget by \$4,583 or about 1.3%.

Interest earnings and rent were \$183,610 over budget due to a higher interest rate environment.

Miscellaneous revenues were over budget by \$158,198 from insurance proceeds and dividends.

Transfers to the General Fund from other Township funds was over budget by \$193,096, due to the other funds transferring monies to the General Funds for expenditures the General Fund paid on their behalf.

Expenses

General Fund expenses were over budget by \$723,066 for 2023.

General government expenditures were over budget by \$208,286 due to unforeseen building and stormwater maintenance, as well as increased insurance premiums.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Public safety (police and fire expenses) was \$269,101 over budget.

A projected positive full year 2023 net result allowed the Board to approve the annual transfer to the Capital Reserve Fund as well as leave a surplus in the General Fund in anticipation of larger share of 2024 WEGO Regional Police expenses as a pay-for-service partner terminated their relationship.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's total capital assets for its governmental and business-type activities as of December 31, 2023, were \$31,650,892. This includes land, buildings and improvements, furniture and equipment, software, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads, bridges, storm water and sewer lines and traffic signals.

Long-Term Debt

At the end of the fiscal year, the Township had total long-term debt outstanding of \$13,568,000. This debt consists of three general obligation notes and two guaranteed notes payable to the Delaware Valley Regional Finance Authority (DVRFA) and backed by the full faith and credit of the government, one series of general obligation bonds issued in 2017 backed by the full faith and credit of the government, and a portion of Westtown Township's general obligation bonds issued for the construction of the police building, per an Intergovernmental Subsidy Agreement with Westtown Township. Details of the Township's debt holdings and related long-term debt service requirements can be found in Note G to these financial statements on pages 43 through 46. Details of the Township's relationship with Westtown for police services can be found in Note I of these financial statements on page 57.

EAST GOSHEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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 18,410 residents. The Township owns and maintains 67 miles of road and over 500 acres of parkland and/or open space.

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. The Board of Supervisors and Township Staff together maintain short-term and long-term policies and strategies to continue the strong financial status of East Goshen Township as a AAA-Bond rated municipality.

An unexpected increase in Earned Income Tax collections, FEMA dollars received for Hurricane Ida damage, elevated interest rates, and higher permit fees and summer program revenue drove a revenue surplus, allowing a surplus to remain in the General Fund even after the annual Capital Reserve Fund transfer.

Next Year's Budget

East Goshen Township adopted the 2024 budget with \$0 net result including a transfer from existing General Fund balance in anticipation of a shortfall as a pay-for-service customer of the WEGO Regional Police Department has not renewed its agreement for 2024. That funding gap will be borne by East Goshen Township and Westtown Township. The 2024 budget looks to be tight and will require continued vigilance on both revenue and expenditures throughout the coming year.

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 POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 17,732,871	\$ 3,520,837	\$ 21,253,708
Receivables, net	2,005,331	486,682	2,492,013
Lease receivable	1,492,476	-	1,492,476
Prepaid expenses	175,580	51,888	227,468
Net pension asset	835,453	-	835,453
Capital assets not being depreciated	639,023	792,987	1,432,010
Capital assets being depreciated, net	17,618,377	12,600,505	30,218,882
TOTAL ASSETS	<u>40,499,111</u>	<u>17,452,899</u>	<u>57,952,010</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	405,910	-	405,910
LIABILITIES			
Accounts payable and accrued expenses	312,811	73,749	386,560
Accrued interest	35,350	18,589	53,939
Unearned revenue	132,246	-	132,246
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	322,094	699,120	1,021,214
Portion due or payable after one year			
Net pension liability	137,240	-	137,240
Compensated absences	501,888	-	501,888
Bonds and notes payable	4,986,428	7,604,135	12,590,563
TOTAL LIABILITIES	<u>6,428,057</u>	<u>8,395,593</u>	<u>14,823,650</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	212,388	-	212,388
Deferred inflows of resources, lease activity	1,417,705	-	1,417,705
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,630,093</u>	<u>-</u>	<u>1,630,093</u>
NET POSITION			
Net investment in capital assets	14,856,332	5,090,237	19,946,569
Restricted for			
Net pension asset	835,453	-	835,453
Road improvements	493,826	-	493,826
Infrastructure projects	1,765,761	-	1,765,761
Other projects	33,838	-	33,838
Unrestricted	14,861,661	3,967,069	18,828,730
TOTAL NET POSITION	<u>\$ 32,846,871</u>	<u>\$ 9,057,306</u>	<u>\$ 41,904,177</u>

See accompanying notes to the basic financial statements.

EAST GOSHEN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,372,110	\$ 47,789	\$ -	\$ 812,428
Public safety	5,857,706	497,054	441,419	-
Public works				
Sanitation	639,395	-	-	-
Highways and streets	2,260,814	6,010	528,959	-
Culture and recreation	955,092	257,687	15,021	-
Conservation and development	2,545	3,670	-	-
Interest on long-term debt	166,731	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	12,254,393	812,210	985,399	812,428
BUSINESS-TYPE ACTIVITIES				
Refuse	1,620,037	1,366,341	168,000	-
Sewer	3,841,535	4,279,640	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	5,461,572	5,645,981	168,000	-
TOTAL TOWNSHIP ACTIVITIES	\$ 17,715,965	\$ 6,458,191	\$ 1,153,399	\$ 812,428

GENERAL REVENUES

- Property taxes, levied for general purposes
- Real estate transfer taxes
- Earned income tax
- Local services tax
- Franchise taxes
- Public realty tax
- Permits and fees
- Fines and forfeitures
- Unrestricted investment earnings
- Gain on disposal of capital assets
- Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, RESTATED*

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (1,511,893)	\$ -	\$ (1,511,893)
(4,919,233)	-	(4,919,233)
(639,395)	-	(639,395)
(1,725,845)	-	(1,725,845)
(682,384)	-	(682,384)
1,125	-	1,125
(166,731)	-	(166,731)
(9,644,356)	-	(9,644,356)
-	(85,696)	(85,696)
-	438,105	438,105
-	352,409	352,409
(9,644,356)	352,409	(9,291,947)
2,857,935	-	2,857,935
714,947	-	714,947
5,907,505	-	5,907,505
344,764	-	344,764
404,765	-	404,765
8,057	-	8,057
10,285	-	10,285
54,258	-	54,258
876,632	157,563	1,034,195
132,499	-	132,499
353,457	1,120	354,577
11,665,104	158,683	11,823,787
2,020,748	511,092	2,531,840
30,826,123 *	8,546,214 *	39,372,337
\$ 32,846,871	\$ 9,057,306	\$ 41,904,177

EAST GOSHEN TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Capital Reserve Fund</u>
ASSETS			
Cash and cash equivalents	\$ 7,973,639	\$ 1,942,404	\$ 5,277,882
Taxes receivable, net	1,625,331	-	-
Other receivables	-	-	380,000
Lease receivable	1,492,476	-	-
Prepaid expenses	175,580	-	-
	<u>11,267,026</u>	<u>1,942,404</u>	<u>5,657,882</u>
TOTAL ASSETS	\$ 11,267,026	\$ 1,942,404	\$ 5,657,882
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 67,445	\$ 34,950	\$ -
Accrued salaries and benefits	97,141	-	-
Unearned revenues	-	-	-
	<u>164,586</u>	<u>34,950</u>	<u>-</u>
TOTAL LIABILITIES	164,586	34,950	-
DEFERRED INFLOWS OF RESOURCES			
Lease activity	1,417,705	-	-
Unavailable revenues			
Earned income taxes	1,543,511	-	-
Real estate taxes	3,792	-	-
	<u>2,965,008</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	2,965,008	-	-
FUND BALANCES			
Nonspendable, prepaid expenses	175,580	-	-
Restricted			
Capital projects	-	1,907,454	-
Road improvements	-	-	-
Infrastructure projects	-	-	-
Other projects	-	-	-
Assigned			
Capital projects	-	-	5,657,882
Operating reserve	3,075,194	-	-
Unassigned	4,886,658	-	-
	<u>8,137,432</u>	<u>1,907,454</u>	<u>5,657,882</u>
TOTAL FUND BALANCES	8,137,432	1,907,454	5,657,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,267,026	\$ 1,942,404	\$ 5,657,882

See accompanying notes to the basic financial statements.

<u>COVID Relief Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 276,805	\$ 2,262,141	\$ 17,732,871
-	-	1,625,331
-	-	380,000
-	-	1,492,476
-	-	175,580
\$ 276,805	\$ 2,262,141	\$ 21,406,258

\$ 111,778	\$ 1,497	\$ 215,670
-	-	97,141
132,246	-	132,246
244,024	1,497	445,057

-	-	1,417,705
-	-	1,543,511
-	-	3,792
-	-	2,965,008

-	-	175,580
-	-	1,907,454
-	493,826	493,826
-	1,765,761	1,765,761
32,781	1,057	33,838
-	-	5,657,882
-	-	3,075,194
-	-	4,886,658
32,781	2,260,644	17,996,193

\$ 276,805	\$ 2,262,141	\$ 21,406,258
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EAST GOSHEN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 17,996,193

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
Construction in progress	614,756
Infrastructure	11,375,441
Vehicles	1,963,217
Buildings and improvements	11,000,650
Software	151,000
Machinery, equipment and furniture	3,518,572
Accumulated depreciation	(10,390,503)

Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds.

835,453

Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.

193,522

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

Net pension liability	(137,240)
Compensated absences	(501,888)
Bonds and notes payable	(5,282,094)
Accrued interest	(35,350)
Unamortized bond premium	(26,428)

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.

1,547,303

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 32,846,871

See accompanying notes to the basic financial statements.

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EAST GOSHEN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Capital Reserve Fund</u>
REVENUES			
Taxes			
Real estate	\$ 2,854,143	\$ -	\$ -
Real estate transfer	714,947	-	-
Local services tax	344,764	-	-
Earned income	5,907,548	-	-
Fees, licenses and permits	415,050	-	-
Fines and forfeits	54,258	-	-
Intergovernmental	557,913	-	15,021
Charges for services	792,541	-	-
Interest and rents	596,464	96,001	235,335
Miscellaneous	63,146	-	-
TOTAL REVENUES	<u>12,300,774</u>	<u>96,001</u>	<u>250,356</u>
EXPENDITURES			
Current			
General government	2,052,443	-	1,265
Public safety	5,349,112	-	-
Public works			
Sanitation	131,081	-	-
Highways and streets	1,593,987	-	-
Culture and recreation	887,009	-	-
Conservation and development	2,065	-	-
Debt service			
Principal	505,653	-	-
Interest and other charges	167,838	-	-
Capital outlay	-	533,918	1,111,695
TOTAL EXPENDITURES	<u>10,689,188</u>	<u>533,918</u>	<u>1,112,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,611,586</u>	<u>(437,917)</u>	<u>(862,604)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	813,209
Transfers out	(813,209)	-	-
Proceeds from sale of assets	-	-	132,499
TOTAL OTHER FINANCING SOURCES (USES)	<u>(813,209)</u>	<u>-</u>	<u>945,708</u>
NET CHANGE IN FUND BALANCES	798,377	(437,917)	83,104
FUND BALANCES AT BEGINNING OF YEAR	<u>7,339,055</u>	<u>2,345,371</u>	<u>5,574,778</u>
FUND BALANCES AT END OF YEAR	<u>\$ 8,137,432</u>	<u>\$ 1,907,454</u>	<u>\$ 5,657,882</u>

See accompanying notes to the basic financial statements.

COVID Relief Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,854,143
-	-	714,947
-	-	344,764
-	-	5,907,548
-	-	415,050
-	-	54,258
812,428	528,959	1,914,321
-	-	792,541
18,564	131,811	1,078,175
-	-	63,146
<u>830,992</u>	<u>660,770</u>	<u>14,138,893</u>
-	-	2,053,708
-	-	5,349,112
-	-	131,081
-	547,744	2,141,731
-	-	887,009
-	-	2,065
-	-	505,653
-	-	167,838
812,428	116,821	2,574,862
<u>812,428</u>	<u>664,565</u>	<u>13,813,059</u>
18,564	(3,795)	325,834
-	-	813,209
-	-	(813,209)
-	-	132,499
-	-	132,499
18,564	(3,795)	458,333
<u>14,217</u>	<u>2,264,439</u>	<u>17,537,860</u>
<u>\$ 32,781</u>	<u>\$ 2,260,644</u>	<u>\$ 17,996,193</u>

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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	458,333
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.		998,180
Net pension asset, liabilities and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.		153,061
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real estate taxes		3,792
Earned income taxes		(43)
Bond premiums are reported in Governmental Funds as revenues; however, in the statement of activities, the revenues from bond premiums are allocated over the term lives of debt instruments as an offset to interest expense.		2,094
Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(987)
Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.		505,653
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 until paid.		<u>(99,335)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,020,748</u>

See accompanying notes to the basic financial statements.

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EAST GOSHEN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 307,555	\$ 959,642	\$ 2,246,078
Receivables, net	226,699	259,983	-
Prepaid expenses	4,461	46,445	-
TOTAL CURRENT ASSETS	538,715	1,266,070	2,246,078
NONCURRENT ASSETS			
Due from other funds	-	-	-
Capital assets			
Construction in progress	-	792,987	-
Sewer treatment plant and improvements	-	18,098,128	-
Accumulated depreciation	-	(5,497,623)	-
TOTAL CAPITAL ASSETS, net of accumulated depreciation	-	13,393,492	-
TOTAL NONCURRENT ASSETS	-	13,393,492	-
TOTAL ASSETS	\$ 538,715	\$ 14,659,562	\$ 2,246,078
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 21,751	\$ 41,743	\$ -
Accrued interest	-	14,797	-
Bonds and notes payable, current	-	136,120	-
TOTAL CURRENT LIABILITIES	21,751	192,660	-
NONCURRENT LIABILITIES			
Due to other funds	-	6,078,000	-
Bonds and notes payable	-	2,089,135	-
TOTAL NONCURRENT LIABILITIES	-	8,167,135	-
TOTAL LIABILITIES	21,751	8,359,795	-
NET POSITION			
Net investment in capital assets	-	5,090,237	-
Unrestricted	516,964	1,209,530	2,246,078
TOTAL NET POSITION	516,964	6,299,767	2,246,078
TOTAL LIABILITIES AND NET POSITION	\$ 538,715	\$ 14,659,562	\$ 2,246,078

See accompanying notes to the basic financial statements.

<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ 7,562	\$ 3,520,837
-	486,682
982	51,888
<u>8,544</u>	<u>4,059,407</u>
<u>6,078,000</u>	<u>6,078,000</u>
-	792,987
-	18,098,128
-	<u>(5,497,623)</u>
-	<u>13,393,492</u>
<u>6,078,000</u>	<u>19,471,492</u>
<u>\$ 6,086,544</u>	<u>\$ 23,530,899</u>
\$ 10,255	\$ 73,749
3,792	18,589
<u>563,000</u>	<u>699,120</u>
<u>577,047</u>	<u>791,458</u>
-	6,078,000
<u>5,515,000</u>	<u>7,604,135</u>
<u>5,515,000</u>	<u>13,682,135</u>
<u>6,092,047</u>	<u>14,473,593</u>
-	5,090,237
<u>(5,503)</u>	<u>3,967,069</u>
<u>(5,503)</u>	<u>9,057,306</u>
<u>\$ 6,086,544</u>	<u>\$ 23,530,899</u>

EAST GOSHEN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
OPERATING REVENUES			
Charges for services	\$ 1,366,341	\$ 4,272,720	\$ -
Lease rentals, net	-	(780,619)	-
TOTAL OPERATING REVENUES	<u>1,366,341</u>	<u>3,492,101</u>	<u>-</u>
OPERATING EXPENSES			
Administrative expenses	25,383	139,268	-
Program operations	620,869	715,987	-
Contracted services	973,785	667,696	-
Repairs and maintenance	-	1,297,729	3,243
Utilities	-	125,158	-
Depreciation	-	540,039	-
TOTAL OPERATING EXPENSES	<u>1,620,037</u>	<u>3,485,877</u>	<u>3,243</u>
OPERATING INCOME (LOSS)	<u>(253,696)</u>	<u>6,224</u>	<u>(3,243)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	14,813	44,732	97,731
Grant revenue	168,000	-	-
Capital contributions	-	-	-
Tapping fees	-	-	-
Interest expense	-	(61,054)	-
Amortization of bond premium	-	1,120	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>182,813</u>	<u>(15,202)</u>	<u>97,731</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(70,883)</u>	<u>(8,978)</u>	<u>94,488</u>
TRANSFERS IN	-	1,239,722	410,000
TRANSFERS OUT	<u>-</u>	<u>(572,155)</u>	<u>(643,182)</u>
CHANGE IN NET POSITION	<u>(70,883)</u>	<u>658,589</u>	<u>(138,694)</u>
NET POSITION AT BEGINNING OF YEAR, RESTATED*	<u>587,847</u>	<u>5,641,178</u>	<u>2,384,772</u>
NET POSITION AT END OF YEAR	<u>\$ 516,964</u>	<u>\$ 6,299,767</u>	<u>\$ 2,246,078</u>

See accompanying notes to the basic financial statements.

<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ -	\$ 5,639,061
780,619	-
780,619	5,639,061
41,791	206,442
-	1,336,856
67,308	1,708,789
-	1,300,972
-	125,158
-	540,039
109,099	5,218,256
671,520	420,805
287	157,563
-	168,000
(182,262)	(182,262)
6,920	6,920
-	(61,054)
-	1,120
(175,055)	90,287
496,465	511,092
789,165	2,438,887
(1,223,550)	(2,438,887)
62,080	511,092
(67,583) *	8,546,214
\$ (5,503)	\$ 9,057,306

EAST GOSHEN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,183,722	\$ 4,234,689	\$ -
Lease rental payments	-	(780,619)	-
Payments to suppliers	(1,623,907)	(2,969,542)	(3,243)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(440,185)</u>	<u>484,528</u>	<u>(3,243)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net investment in lease	-	-	-
Payments to other governments	-	-	-
Operating grants	168,000	-	-
Transfers from other funds	-	1,239,722	410,000
Transfers to other funds	-	(572,155)	(643,182)
Due to (from) other funds	-	(542,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>168,000</u>	<u>125,567</u>	<u>(233,182)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tapping fees received	-	-	-
Principal payments on debt	-	(130,000)	-
Interest paid	-	(61,054)	-
Acquisition, construction and improvements of capital assets	-	(662,800)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(853,854)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	14,813	44,732	97,731
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(257,372)	(199,027)	(138,694)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>564,927</u>	<u>1,158,669</u>	<u>2,384,772</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 307,555</u>	<u>\$ 959,642</u>	<u>\$ 2,246,078</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (253,696)	\$ 6,224	\$ (3,243)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	540,039	-
(Increase) decrease in Receivables, net	(182,619)	(38,031)	-
Prepaid expenses	(4,461)	(7,945)	-
Increase (decrease) in Accounts payable	591	(15,024)	-
Accrued interest	-	(735)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (440,185)</u>	<u>\$ 484,528</u>	<u>\$ (3,243)</u>

See accompanying notes to the basic financial statements.

<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ -	\$ 5,418,411
780,619	-
<u>(168,450)</u>	<u>(4,765,142)</u>
<u>612,169</u>	<u>653,269</u>
541,661	541,661
(182,262)	(182,262)
-	168,000
789,165	2,438,887
(1,223,550)	(2,438,887)
<u>-</u>	<u>(542,000)</u>
<u>(74,986)</u>	<u>(14,601)</u>
6,920	6,920
(542,000)	(672,000)
-	(61,054)
<u>-</u>	<u>(662,800)</u>
<u>(535,080)</u>	<u>(1,388,934)</u>
<u>287</u>	<u>157,563</u>
2,390	(592,703)
<u>5,172</u>	<u>4,113,540</u>
\$ <u><u>7,562</u></u>	\$ <u><u>3,520,837</u></u>
\$ 671,520	\$ 420,805
-	540,039
-	(220,650)
(982)	(13,388)
(58,369)	(72,802)
<u>-</u>	<u>(735)</u>
\$ <u><u>612,169</u></u>	\$ <u><u>653,269</u></u>

EAST GOSHEN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Pension Trust Funds		
	Firemen's Pension Fund	Non- Uniformed Pension Fund	Non- Uniformed Defined Contribution Pension Fund
ASSETS			
Cash and cash equivalents	\$ 108,778	\$ 98,860	\$ 48,924
Receivables			
Employee contributions	1,836	-	-
State aid receivable from Non-Uniformed	6,805	-	-
Plan Prepaid pension payment	6,057	8,735	-
Investments			
Mutual funds	55,891	65,445	26,042
Bond funds	820,891	902,821	516,615
Equity funds	<u>2,126,072</u>	<u>2,356,101</u>	<u>827,293</u>
TOTAL ASSETS	<u>\$ 3,126,330</u>	<u>\$ 3,431,962</u>	<u>\$ 1,418,874</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Transfer of state aid payable to Firemen Pension Plan	\$ -	\$ -	\$ 6,805
NET POSITION			
Restricted for pension benefits	<u>3,126,330</u>	<u>3,431,962</u>	<u>1,412,069</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,126,330</u>	<u>\$ 3,431,962</u>	<u>\$ 1,418,874</u>

See accompanying notes to the basic financial statements.

EAST GOSHEN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	Pension Trust Funds		
	Firemen's Pension Fund	Non- Uniformed Pension Fund	Non- Uniformed Defined Contribution Pension Fund
ADDITIONS			
Contributions			
Employer	\$ 44,000	\$ -	\$ -
Employee	46,786	-	-
State	138,879	-	141,541
TOTAL CONTRIBUTIONS	<u>229,665</u>	<u>-</u>	<u>141,541</u>
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	373,354	428,134	155,706
Interest and dividends	69,772	80,947	34,139
Investment expense	(14,702)	(17,469)	(7,012)
TOTAL INVESTMENT INCOME	<u>428,424</u>	<u>491,612</u>	<u>182,833</u>
TOTAL ADDITIONS	<u>658,089</u>	<u>491,612</u>	<u>324,374</u>
DEDUCTIONS			
Pension payments	72,679	102,667	-
Administrative expenses	9,500	10,900	6,700
Lump sum distributions	-	19,949	152,194
TOTAL DEDUCTIONS	<u>82,179</u>	<u>133,516</u>	<u>158,894</u>
CHANGE IN NET POSITION	575,910	358,096	165,480
NET POSITION AT BEGINNING OF YEAR	<u>2,550,420</u>	<u>3,073,866</u>	<u>1,246,589</u>
NET POSITION AT END OF YEAR	<u>\$ 3,126,330</u>	<u>\$ 3,431,962</u>	<u>\$ 1,412,069</u>

See accompanying notes to the basic financial statements.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Township is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the Township's ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Township. In addition, component units can be other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

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.

The Firemen's Pension Plan is a single employer defined benefit pension plan that provides pensions for all Goshen Fire full-time paid fire company personnel. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and a copy of the component unit's unaudited financial statements can 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, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Non-Uniformed Pension Plan is a single employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of the Township. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund a copy of the component unit's unaudited financial statements can be obtained at the Township's office located at 1580 Paoli Pike, West Chester, Pennsylvania.

Fund Accounting

The Township uses fund accounting 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.

Capital Reserve Fund, COVID Relief Fund and Bond Funds are capital project funds used to account for financial resources to be used for the acquisition or construction and maintenance of major capital assets.

The Township reports the following nonmajor governmental funds:

The *Road Improvements Fund and Infrastructure Fund* capital project funds used to account for financial resources to be used for the acquisition or construction and maintenance of major capital.

The *State Liquid Fuels (Highway Aid) Fund* a special revenue 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.

The Township reports the following major Proprietary Funds:

The *Refuse Fund and Sewer 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 *Sewer Capital Reserve Fund* is used to account for financial resources to be used for the acquisition or construction and maintenance of major sewer capital assets.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Municipal Authority is a blended component unit of the Township. It was established in 1967 to finance construction of the Township's sewage collection and treatment facilities. The major function of the Municipal 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 2033.

Additionally, the Township reports the following Fiduciary Fund types:

The *Pension Trust Funds* account for the activities of the Fire, Non-Uniformed Pension and Non-Uniformed Defined Contribution Pension Plans, which accumulate resources for pension benefit payments to qualified employees. The *Police Pension Trust Fund* (a private-purpose trust fund) account for monies set aside by the Township to be used to satisfy the Township's contractual obligation to contribute its pro-rata share of the Westtown East Goshen Regional Police Commission's pension obligations.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position 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, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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 of 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.

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 and no restrictions on withdrawal are considered cash equivalents.

EAST GOSHEN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Receivable

The Township’s lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the Township may receive variable lease payments that are dependent on certain factors. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the life of the related lease.

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 and amortized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	5-12
Building and improvements	5-50
Machinery, equipment and furniture	3-10
Infrastructure	5-50
Software	3

Long-Term Obligations

In the government-wide and Proprietary Funds’ financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Funds’ statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Employees, upon termination, will receive compensation for unused sick and vacation days accumulated. Eligible non-uniform employees receive 72 sick leave hours per year and are allowed to accumulate up to 480 hours. Firefighters receive 80 sick leave hours per year and are allowed to accumulate up to 480 hours. Eligible non-uniform employees may carry over a maximum of 80 vacation hours to the following year. Any unused vacation in excess of 80 hours is forfeited. Firefighters may carry over a maximum of 100 vacation hours to the following year. Any unused vacation in excess of 100 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 March 31, followed by the flat period through May 31 and ends with the penalty period after May 31. The penalty is 10%. Any unpaid taxes at the end of the year are required to be liened by January 15 with the county.

Receivables and Payables

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Allowance for Uncollectible Accounts

The Township calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. As of December 31, 2023, the allowance for uncollectible sewer and refuse accounts receivable are \$52,799 and \$16,930, respectively.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- ***Assigned Fund Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. The board did not delegate authority to an individual in 2023.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflows relate to pension activity.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. The deferred inflows relates to pension activity, lease activity and unavailable revenues.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

The Township's deposits with financial institutions at December 31, 2023, consisted of checking and savings accounts as well as certificates of deposit with an original maturity ranging from three to 18 months.

Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - The Township utilizes both insurance provided by the Federal Deposit Insurance Corporation (FDIC) and collateralization to guard against custodial credit risk. Under the Township's current procedures, deposits in excess of FDIC insurance are fully collateralized. The Township has adopted a deposit policy which, in accordance with state law, requires all its banking partners to pledge collateral held by an independent third-party institution, not in the Township's name, in the amount of at least 102% of the deposit value. As of December 31, 2023, \$250,000 of the Township's bank balance of \$21,951,006 was covered under FDIC insurance. \$2,565,853 was exposed to custodial credit risk, which is collateralized as described, and \$19,135,153 was invested in state investment pools which is uninsured and uncollateralized. All of the funds invested in statement investment pools are deposited in the PLGIT program. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit.

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.

Investments

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.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2023, the Township's pension plans held the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities		
			Less Than 1 Year	1 to 5 Years	6 to 10 Years
Mutual funds	\$ -	\$ 147,378	\$ 147,378	\$ -	\$ -
Bond funds	-	2,520,446	-	354,826	2,165,620
Equity funds	-	6,069,466	6,069,466	-	-
	<u>\$ -</u>	<u>\$ 8,737,290</u>	<u>\$ 6,216,844</u>	<u>\$ 354,826</u>	<u>\$ 2,165,620</u>

Interest Rate Risk - The Township recognizes interest rate risk and extension risk with some of the obligations. The Township has stratified its portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal.

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township's investments in fixed income mutual funds and equity funds are recurring fair value measurements. These investments are valued using quoted market prices (Level 1 inputs).

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.

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:

INVESTMENT TYPE	Fair Value	Credit Quality
Bond funds	\$ 2,520,446	BBB - AAA

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

U.S. Government obligations are not considered to have credit risk and do not require disclosure of credit quality.

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.

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.

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. The plans do not have a formal investment policy that addresses concentration of credit risk; however, as of December 31, 2023, no investment in any one organization represented five percent (5%) or more of total investments.

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	\$ 1,562,472	\$ -	\$ 1,562,472
Local services tax	249	-	249
Real estate taxes	62,610	-	62,610
Other receivables	380,000	-	380,000
Sewer and refuse charges	-	486,682	486,682
	<u>\$ 2,005,331</u>	<u>\$ 486,682</u>	<u>\$ 2,492,013</u>

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE D - LEASE RECEIVABLES

In October 2012, the Township entered into a lease with Liberty Towers that allows Liberty Towers to place their cellular service antennae in the Township. Under the lease, Liberty Towers pays the Township amounts ranging from \$4,012 to \$7,247 per month through 2042. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.00%, which is the rate the Township determined to charge the lessee.

In August 2018, the Township entered into a lease with the County of Chester for facilities. Under the lease, the County of Chester pays the Township amounts ranging from \$7,564 to \$8,518 per month through 2028. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.00%, which is the rate the Township determined to charge the lessee.

The future lease receivables at December 31, 2023, were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 116,351	\$ 44,774	\$ 161,125
2025	121,747	41,284	163,031
2026	127,339	37,632	164,971
2027	133,143	33,811	166,954
2028	95,685	29,817	125,502
2029 to 2033	230,492	122,861	353,353
2034 to 2038	360,646	79,160	439,806
2039 to 2042	307,073	22,388	329,461
	<u>\$ 1,492,476</u>	<u>\$ 411,727</u>	<u>\$ 1,904,203</u>

For the year ended December 31, 2023, the Township recognized \$142,138 of lease revenue and \$48,109 of interest revenue under the leases.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Municipal Authority	Sewer Revenue Fund	\$ <u><u>6,078,000</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers at December 31, 2023, are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>							<u>Totals</u>
	<u>General Fund</u>	<u>Bond Fund</u>	<u>Capital Reserve Fund</u>	<u>Sewer Fund</u>	<u>Sewer Capital Reserve Fund</u>	<u>Infrastructure Fund</u>	<u>Municipal Authority</u>	
General Fund	\$ -	\$ -	\$ 813,209	\$ -	\$ -	\$ -	\$ -	\$ 813,209
Capital Reserve Fund	-	-	-	-	-	-	-	-
Municipal Authority	-	-	-	1,223,550	-	-	-	1,223,550
Sewer Capital Reserve Fund	-	-	-	-	-	-	643,182	643,182
Sewer Fund	-	-	-	16,172	410,000	-	145,983	572,155
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,209</u>	<u>\$ 1,239,722</u>	<u>\$ 410,000</u>	<u>\$ -</u>	<u>\$ 789,165</u>	<u>\$ 3,252,096</u>

The General Fund makes interfund transfers to the Capital Reserve and Infrastructure Fund for future capital outlay. The Sewer Fund and Sewer Capital Reserve Fund transfer funds between each other as revenue becomes available, and for future capital outlay. The Sewer Fund makes transfers to the Municipal Authority as funds become available. The Sewer Fund and Sewer Capital Reserve Fund transfers funds to the Municipal Authority for purchases of capital assets and to satisfy debt service payments.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE F - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Historical treasures	\$ 24,267	\$ -	\$ -	\$ 24,267
Construction in progress	3,025,439	77,631	(2,488,314)	614,756
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	3,049,706	77,631	(2,488,314)	639,023
Capital assets being depreciated and amortized				
Infrastructure	7,923,944	3,451,497	-	11,375,441
Vehicles	2,138,480	65,604	(240,867)	1,963,217
Buildings and improvements	10,962,808	37,842	-	11,000,650
Software	151,000	-	-	151,000
Machinery, equipment and furniture	2,850,006	890,450	(221,884)	3,518,572
TOTAL CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED	24,026,238	4,445,393	(462,751)	28,008,880
Accumulated depreciation and amortization				
Infrastructure	(1,207,011)	(262,243)	-	(1,469,254)
Vehicles	(1,802,032)	(89,856)	240,867	(1,651,021)
Buildings and improvements	(5,289,552)	(404,241)	-	(5,693,793)
Software	-	(50,333)	-	(50,333)
Machinery, equipment and furniture	(1,518,129)	(229,857)	221,884	(1,526,102)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(9,816,724)	(1,036,530)	462,751	(10,390,503)
TOTAL CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED, net	14,209,514	3,408,863	-	17,618,377
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	17,259,220	3,486,494	(2,488,314)	18,257,400
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	560,854	273,214	(41,081)	792,987
Capital assets being depreciated				
Sewer treatment plant and improvements	17,667,461	430,667	-	18,098,128
Accumulated depreciation	(4,957,584)	(540,039)	-	(5,497,623)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	12,709,877	(109,372)	-	12,600,505
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	13,270,731	163,842	(41,081)	13,393,492
CAPITAL ASSETS, net	\$ 30,529,951	\$ 3,650,336	\$ (2,529,395)	\$ 31,650,892

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE F - CAPITAL ASSETS (Continued)

Depreciation and amortization for governmental activities was charged to direct expense of the programs as follows:

General government	\$ 256,083
Public safety	474,794
Public works, sanitation	188,351
Public works, highway	45,156
Culture and recreation	71,744
Conservation and development	<u>402</u>
	<u>\$ 1,036,530</u>

NOTE G - GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term liability activity of the Township:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and notes					
Series A of 2003	\$ 387,000	\$ -	\$ (387,000)	\$ -	\$ -
Westtown Township	113,653	-	(113,653)	-	-
Series of 2017	<u>5,285,000</u>	<u>-</u>	<u>(5,000)</u>	<u>5,280,000</u>	<u>320,000</u>
TOTAL BONDS AND NOTES	5,785,653	-	(505,653)	5,280,000	320,000
Unamortized bond premium	30,616	-	(2,094)	28,522	2,094
Net pension liability	523,930	-	(386,690)	137,240	-
Compensated absences	<u>402,553</u>	<u>99,335</u>	<u>-</u>	<u>501,888</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>6,742,752</u>	<u>99,335</u>	<u>(894,437)</u>	<u>5,947,650</u>	<u>322,094</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes					
Series of 2008	5,053,000	-	(421,000)	4,632,000	438,000
Series of 2013	1,567,000	-	(121,000)	1,446,000	125,000
Series of 2017	<u>2,340,000</u>	<u>-</u>	<u>(130,000)</u>	<u>2,210,000</u>	<u>135,000</u>
TOTAL BONDS AND NOTES	8,960,000	-	(672,000)	8,288,000	698,000
Unamortized bond premium	<u>16,375</u>	<u>-</u>	<u>(1,120)</u>	<u>15,255</u>	<u>1,120</u>
TOTAL BUSINESS- TYPE ACTIVITIES	<u>8,976,375</u>	<u>-</u>	<u>(673,120)</u>	<u>8,303,255</u>	<u>699,120</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 15,719,127</u>	<u>\$ 99,335</u>	<u>\$ (1,567,557)</u>	<u>\$ 14,250,905</u>	<u>\$ 1,021,214</u>

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G - GENERAL LONG-TERM DEBT (Continued)

Bonds and notes payable consisted of:

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 and is subject to a swap agreement	\$ 4,632,000
The Municipal Authority issued a Guaranteed Note, Series of 2013, to the DVRFA; in 2013, the note was converted from a variable rate to a fixed rate of 3.049% with maturity scheduled for 2033; interest is payable monthly, principal is payable annually and is subject to a swap agreement	1,446,000
General Obligation Bonds, Series of 2017, due in annual principal installments ranging from \$20,000 to \$190,000 through October 1, 2037, interest rate is variable from 1.00% to 4.00%	2,210,000
General Obligation Bonds, Series of 2017, due in annual principal installments ranging from \$5,000 to \$450,000 through October 1, 2037, interest rate is variable from 1.00% to 4.00%	<u>5,280,000</u>
	<u>\$ 13,568,000</u>

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G - GENERAL LONG-TERM DEBT (Continued)

Funds to repay outstanding bonds and notes will be provided from future taxes, other general revenues and charges for services. Total interest expense incurred during the year ended December 31, 2023, was \$486,245. Interest costs incurred for the year ended December 31, 2023, were \$167,838 in the General Fund. Total interest expense charged to the Sewer Fund was \$300,407.

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</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,018,000	\$ 423,555	\$ 1,441,555
2025	1,049,000	393,198	1,442,198
2026	1,081,000	361,847	1,442,847
2027	1,114,000	329,159	1,443,159
2028	1,149,000	294,776	1,443,776
2029 to 2033	5,717,000	872,627	6,589,627
2034 to 2037	<u>2,440,000</u>	<u>150,520</u>	<u>2,590,520</u>
	<u>\$ 13,568,000</u>	<u>\$ 2,825,682</u>	<u>\$ 16,393,682</u>

Swap Agreements

The Township financed all outstanding notes through the DVRFA. The DVRFA has, in turn, entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These agreements may be terminated under the following circumstances: (1) The DVRFA and the counterparty mutually consent to termination; (2) the borrower defaults on its loan; or (3) the DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent. Upon termination, the DVRFA would receive or make a payment depending on the market value of the related interest rate swap. If the DVRFA were obligated to make such a payment and sufficient funds were not available, the DVRFA could assess each borrower its allocable share of the termination payment.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G - GENERAL LONG-TERM DEBT (Continued)

At December 31, 2023, the market value of the Township's interest rate swap agreements for fixed rate loans was \$178,188 and \$217,265 for the DVRFA bonds. As of December 31, 2023, the DVRFA would have received a payment of nearly \$95.5 million if all the swap agreements were terminated. None of these amounts are reflected in the Township's statements of net position or activities at December 31, 2023.

NOTE H - EMPLOYEE RETIREMENT PLANS

Firemen's 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. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Membership - As of December 31, 2023, membership consisted of:

Inactive plan members currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>12</u>
	<u>17</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.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Benefits Provided - The following is a summary of the plan benefit provisions:

Eligibility Requirements

Normal retirement - Later of age 55 or 5 years of service, whichever occurs later

Early retirement - Age 52

Vesting - Full vesting after five years of service

Retirement Benefit

1.25% of final 60 month average salary multiplied by years and completed months of service.

Offset by 0% social security; length of service increment - none

Survivor Benefit

50% of participants' vested pension amount

Disability Benefit Service and Non-Service Related

50% of final average salary, starting 90 days after the disability occurred

Post Retirement Adjustments

None

Act 44 Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months.

Members Contributions

Amount or rate – 5.0% of base pay

Interest rate credited to member contributions - 2%

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 net pension obligation is the difference between the annual pension cost and the contributions made on a cumulative basis.

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 2.25% of compensation. In accordance with Act 205, the Township was not required to contribute to the plan for the year 2023.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

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.

Investment Policy Summary - The plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Board of Township Supervisors. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The plan's formal investment policy statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The plan's investment policy establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	49.00%	5.60%
International Equities	21.00%	5.60%
Fixed income	27.00%	2.60%
Cash	3.00%	0.60%
	<u>100.00%</u>	

The long-term expected rate of return on the plan's investments was determined as stated in the plan's investment policy statement in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of a plan's investment in a single issue. 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 plan does have a formal investment policy that addresses concentration of credit risk. As of December 31, 2023, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 16.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 3,263,568
Plan fiduciary net position	<u>3,126,328</u>
NET PENSION LIABILITY	<u>\$ 137,240</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.8%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.00%
Investment rate of return	6.75%

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2022	\$ 3,074,350	\$ 2,550,420	\$ 523,930
Changes for the year			
Service cost	159,142	-	159,142
Interest	198,596	-	198,596
Differences between expected and actual experience	(95,841)	-	(95,841)
Contributions			
Employer & State Aid	-	182,879	(182,879)
Member	-	46,786	(46,786)
Net investment income (loss)	-	428,422	(428,422)
Benefit payments	(72,679)	(72,679)	-
Administrative expense	-	(9,500)	9,500
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2023	\$ <u>3,263,568</u>	\$ <u>3,126,328</u>	\$ <u>137,240</u>

Net Pension Liability Sensitivity - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 6.75% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u> </u>	<u> </u>	<u> </u>
Net pension (asset) liability	\$ <u>587,250</u>	\$ <u>137,240</u>	\$ <u>(236,456)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the municipality recognized a pension expense of \$106,080. At December 31, 2023, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 137,680
Changes in assumptions	96,462	-
Net difference between projected and actual earnings on pension plan investments	<u>90,376</u>	<u>-</u>
	<u>\$ 186,838</u>	<u>\$ 137,680</u>

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

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

<u>Year Ending</u> <u>December 31,</u>	
2024	\$ 1,605
2025	39,086
2026	71,061
2027	(54,748)
2028	(3,916)
Thereafter	<u>(3,930)</u>
	<u>\$ 49,158</u>

Non-Uniformed 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. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description and Contribution Information - Membership of the plan consisted of the following at January 1, 2023, the date of the last actuarial valuation:

Inactive plan members currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>-</u>
TOTAL MEMBERSHIP	<u>27</u>

Benefits Provided - The following is a summary of the plan benefit provisions:

Eligibility Requirements

Normal retirement - Age 65 and 10 years of service

Early retirement - Age 55 with 10 or more years of service

Vesting - As of January 1, 2011, all members are 100% vested; Plan is now frozen

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Retirement Benefit

1.25% times final average earnings times years and fractions of years. Final average is based on highest five calendar years out of the last ten calendar years.

Unmarried - life income; Married - life income, 50% to surviving spouse offset by 0% social security.

Survivor Benefit

Benefit to surviving spouse is automatic after participant is eligible for early retirement. Benefit is equal to 50% of the pension which would have been paid to the participant if he had retired.

Disability Benefit Service and Non-Service Related

10 years of service and receiving social security disability benefits. No reduction if benefit starts before age 65; same benefit as normal retirement.

Post Retirement Adjustments

None

Members Contributions

Amount or rate - None

Interest rate credited to member contributions - None

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 net pension obligation is the difference between the annual pension cost and the contributions made on a cumulative basis.

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 not required to contribute to the plan for the year 2023.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

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.

Investment Policy Summary - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Board of Township Supervisors. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal investment policy statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	49.00%	5.60%
International Equities	21.00%	5.60%
Fixed income	27.00%	2.60%
Cash	3.00%	0.60%
	<u>100.00%</u>	

The long-term expected rate of return on the plan's investments was determined as stated in the plan's investment policy statement in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of a plan's investment in a single issue. 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 plan does have a formal investment policy that addresses concentration of credit risk. As of December 31, 2023, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 16.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Net Pension Liability (Asset) of the Township

The components of the net pension liability (asset) of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 2,596,509
Plan fiduciary net position	<u>3,431,962</u>
NET PENSION ASSET	<u>\$ (835,453)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>132.2%</u>

Actuarial Assumptions - The total pension asset was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	0.00%
Investment rate of return	6.75%

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

Discount Rate - The discount rate used to measure the total pension liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2022	\$ 2,567,144	\$ 3,073,866	\$ (506,722)
Changes for the year			
Interest	168,059	-	168,059
Differences between expected and actual experience	(16,078)	-	(16,078)
Net investment income (loss)	-	491,612	(491,612)
Benefit payments	(122,616)	(122,616)	-
Administrative expense	<u>-</u>	<u>(10,900)</u>	<u>10,900</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 2,596,509</u>	<u>\$ 3,431,962</u>	<u>\$ (835,453)</u>

Net Pension Liability (Asset) Sensitivity - The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 6.75% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u> </u>	<u> </u>	<u> </u>
Net pension (asset) liability	<u>\$ (546,197)</u>	<u>\$ (835,453)</u>	<u>\$ (1,080,114)</u>

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - EMPLOYEE RETIREMENT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension income of \$76,262. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 74,708
Changes in assumptions	65,738	-
Net difference between projected and actual earnings on pension plan investments	<u>153,334</u>	<u>-</u>
	<u>\$ 219,072</u>	<u>\$ 74,708</u>

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

<u>Year Ending December 31,</u>	
2024	\$ 19,409
2025	71,528
2026	111,151
2027	<u>(57,724)</u>
	<u>\$ 144,364</u>

Non-Uniformed Defined Contribution Pension Plan

The Township offers its non-uniformed employees and non-uniformed employees of the Westtown East Goshen Regional Police Department a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the plan year 2023, the Township contributed an allocation equal to 5.5% of the eligible participant's compensation on behalf of the participating non-uniformed employees. Participants may not contribute to this plan, and the plan does not accept rollovers or direct transfers. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Additions to an employee's account in this plan and to his or her accounts in any other defined contribution plans maintained by the Township in any year are limited to the lesser of \$40,000 or 100% of the employee's compensation. Control over plan investments is held by a committee appointed by the Board of Supervisors.

EAST GOSHEN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - JOINT AGREEMENTS

Police

The Township, along with Westtown Township, established the Westtown East Goshen Regional Police Commission (the Commission), a separate legal entity, whose function is to provide comprehensive, quality police protection for the participating municipalities. The Commission consists of three voting members: one Supervisor from Westtown Township, one Supervisor from East Goshen Township and one citizen-at-large. Each Township pays the Commission its proportionate share of the Commission's annual budget allocation. For 2023, the Township's share of these costs was \$4,278,382.

The Township entered into an Intergovernmental Subsidy Agreement with Westtown Township to jointly cooperate in the development and construction of the regional police building. The Township has agreed to pay to Westtown Township an amount equal to approximately 46% of the debt service on Westtown Township's General Obligation Bonds, Series of 2004, which was used to construct the police building. The Township received an equity interest in the building equal to its contribution of approximately 46% of the costs. The Township's interest in the building is included in capital assets and its share of the debt is likewise included in long-term debt on the statement of net position.

In 2012, Westtown Township's General Obligation Bonds, Series of 2004, were refunded through the issuance of Westtown Township's General Obligation Bonds, Series of 2012. The Intergovernmental Subsidy Agreement with Westtown Township remains in effect. The Township's principal obligation for the new note was \$1,360,000, an increase from the beginning balance on the Township's books of \$55,000. In 2023, the Township fully repaid the outstanding principal balance.

The Township has established a Police Pension Trust Fund. The Township was not required to establish the trust, however, they did so to set aside funds to meet future obligations. The respective plan is not in the name of the Township and the individuals enrolled in the retirement plan are not employees of the Township, therefore the Township is not required to record a net pension liability.

A separate audit report is available by contacting the Westtown East Goshen Regional Police Commission at 1041 Wilmington Pike, West Chester, PA 19382.

NOTE J - 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, 2023

NOTE K - CONTINGENCIES

The Township may be a 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 L - PRIOR PERIOD ADJUSTMENT

During the year, the Township became aware of an adjustment needed to correct the beginning Construction in Progress balance for projects that should have been capitalized in prior years. As a result of the adjustment, the beginning net position of the Governmental Activities increased from \$30,356,223 to \$30,826,123 and the Construction in Progress balance increased from \$2,555,539 to \$3,025,439.

During the year, the Municipal Authority, a component unit of the Township, became aware of an adjustment needed to correct the grant receivable balance. As a result of the adjustment, the beginning net position decreased from (\$58,137) to (\$67,583) and the grant receivable balance decreased from \$9,446 to \$0. These amounts are reflected on both the Proprietary Fund statements and Business-Type Activities on the government wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

EAST GOSHEN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
TOTAL RESOURCES (INFLOWS)				
Taxes				
Real estate	\$ 2,831,000	\$ 2,831,000	\$ 2,854,143	\$ 23,143
Real estate transfer	800,000	800,000	699,876	(100,124)
Local services tax	340,000	340,000	344,583	4,583
Earned income	5,600,000	5,600,000	5,909,186	309,186
Fees, licenses and permits	441,099	441,099	415,050	(26,049)
Fines and forfeits	50,000	50,000	54,258	4,258
Intergovernmental	136,250	136,250	454,304	318,054
Charges for services	582,562	582,562	792,541	209,979
Interest and rents	381,864	381,864	565,474	183,610
Miscellaneous	77,393	77,393	235,591	158,198
Transfers	1,097,000	1,097,000	1,290,096	193,096
AMOUNT AVAILABLE FOR APPROPRIATION	12,337,168	12,337,168	13,615,102	1,277,934
CHANGES TO APPROPRIATIONS (OUTFLOWS)				
Current				
General government	1,826,904	1,826,904	2,035,190	(208,286)
Public safety	5,428,060	5,428,060	5,697,161	(269,101)
Public works				
Sanitation	179,742	179,742	211,839	(32,097)
Highways and streets	2,217,158	2,217,158	2,165,610	51,548
Culture and recreation	844,280	844,280	848,839	(4,559)
Conservation and development	6,300	6,300	1,975	4,325
Debt service				
Principal	511,177	511,177	505,653	5,524
Interest and other charges	162,313	162,313	167,838	(5,525)
Insurance premiums	460,870	460,870	459,182	1,688
Employee benefits	73,371	73,371	107,238	(33,867)
Transfers	580,493	580,493	813,209	(232,716)
TOTAL CHANGES TO APPROPRIATIONS (OUTFLOWS)	12,290,668	12,290,668	13,013,734	(723,066)
EXCESS OF RESOURCES (INFLOWS) OVER CHANGES TO APPROPRIATIONS (OUTFLOWS)	\$ 46,500	\$ 46,500	\$ 601,368	\$ 554,868

EAST GOSHEN TOWNSHIP

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2023

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 approves and adopts 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

SCHEDULE OF CHANGES IN THE NET FIREMEN'S PENSION PLAN LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 159,142	\$ 165,033	\$ 147,236
Interest	198,596	186,259	178,841
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(95,841)	-	(12,036)
Changes of assumptions	-	-	127,799
Benefit payments, including refunds of member contributions	<u>(72,679)</u>	<u>(72,679)</u>	<u>(65,214)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	189,218	278,613	376,626
Total pension liability, beginning	<u>3,074,350</u>	<u>2,795,737</u>	<u>2,419,111</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 3,263,568</u>	<u>\$ 3,074,350</u>	<u>\$ 2,795,737</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 182,879	\$ 169,319	\$ 163,611
Member	46,786	43,728	41,260
Net investment income(loss)	428,422	(451,730)	308,221
Benefit payments, including refunds of member contributions	(72,679)	(72,679)	(65,214)
Administrative expense	<u>(9,500)</u>	<u>(6,750)</u>	<u>(8,000)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	575,908	(318,112)	439,878
Plan fiduciary net position, beginning	<u>2,550,420</u>	<u>2,868,532</u>	<u>2,428,654</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 3,126,328</u>	<u>\$ 2,550,420</u>	<u>\$ 2,868,532</u>
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	<u>\$ 137,240</u>	<u>\$ 523,930</u>	<u>\$ (72,795)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>95.8%</u>	<u>83.0%</u>	<u>102.6%</u>
COVERED PAYROLL	<u>\$ 1,082,028</u>	<u>\$ 1,000,000</u>	<u>\$ 985,588</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>12.7%</u>	<u>52.4%</u>	<u>-7.4%</u>

	2020	2019	2018	2017	2016	2015	2014
\$	126,211	\$ 120,201	\$ 57,597	\$ 54,854	\$ 52,558	\$ 50,055	\$ 49,337
	160,051	144,402	99,945	90,803	83,697	75,948	72,308
	-	483,083	-	-	-	-	-
	-	(39,536)	-	(22,361)	-	(79,060)	-
	-	-	-	3,143	-	20,953	-
	<u>(54,763)</u>	<u>(39,365)</u>	<u>(17,807)</u>	<u>(17,807)</u>	<u>(17,807)</u>	<u>(17,807)</u>	<u>(6,727)</u>
	231,499	668,785	139,735	108,632	118,448	50,089	114,918
	<u>2,187,612</u>	<u>1,518,827</u>	<u>1,379,092</u>	<u>1,270,460</u>	<u>1,152,012</u>	<u>1,101,923</u>	<u>987,004</u>
\$	<u><u>2,419,111</u></u>	<u><u>2,187,612</u></u>	<u><u>1,518,827</u></u>	<u><u>1,379,092</u></u>	<u><u>1,270,460</u></u>	<u><u>1,152,012</u></u>	<u><u>1,101,922</u></u>
\$	174,287	\$ 163,434	\$ 74,136	\$ 72,764	\$ 79,410	\$ 63,013	\$ 64,957
	39,701	35,013	16,478	12,697	11,281	10,858	10,984
	326,109	314,826	(100,700)	197,512	72,041	(23,145)	37,095
	(54,763)	(39,365)	(17,807)	(17,807)	(17,807)	(17,807)	(6,727)
	<u>(4,500)</u>	<u>(7,900)</u>	<u>(4,200)</u>	<u>(7,500)</u>	<u>(4,300)</u>	<u>(6,600)</u>	<u>(2,975)</u>
	480,834	466,008	(32,093)	257,666	140,625	26,319	103,334
	<u>1,947,820</u>	<u>1,481,812</u>	<u>1,513,905</u>	<u>1,256,239</u>	<u>1,115,614</u>	<u>1,089,295</u>	<u>985,961</u>
\$	<u><u>2,428,654</u></u>	<u><u>1,947,820</u></u>	<u><u>1,481,812</u></u>	<u><u>1,513,905</u></u>	<u><u>1,256,239</u></u>	<u><u>1,115,614</u></u>	<u><u>1,089,295</u></u>
\$	<u><u>(9,543)</u></u>	<u><u>239,792</u></u>	<u><u>37,015</u></u>	<u><u>(134,813)</u></u>	<u><u>14,221</u></u>	<u><u>36,398</u></u>	<u><u>12,627</u></u>
	<u>100.4%</u>	<u>89.0%</u>	<u>97.6%</u>	<u>109.8%</u>	<u>98.9%</u>	<u>96.8%</u>	<u>98.9%</u>
\$	<u><u>1,040,000</u></u>	<u><u>961,494</u></u>	<u><u>666,056</u></u>	<u><u>700,000</u></u>	<u><u>570,000</u></u>	<u><u>555,812</u></u>	<u><u>587,288</u></u>
	<u>-0.9%</u>	<u>24.9%</u>	<u>5.6%</u>	<u>-19.3%</u>	<u>2.5%</u>	<u>6.5%</u>	<u>2.2%</u>

EAST GOSHEN TOWNSHIP

SCHEDULE OF FIREMEN'S PENSION PLAN CONTRIBUTIONS LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 132,074	\$ 124,083	\$ 152,611
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>182,879</u>	<u>169,319</u>	<u>163,611</u>
CONTRIBUTION EXCESS	<u>\$ (50,805)</u>	<u>\$ (45,236)</u>	<u>\$ (11,000)</u>
COVERED PAYROLL	<u>\$ 1,082,028</u>	<u>\$ 1,000,000</u>	<u>\$ 985,588</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>16.90%</u>	<u>16.93%</u>	<u>16.60%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	13 Years
Asset valuation method	Market value
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	6.75% (Net of pension plan investment expense including inflation)
Retirement age	55
Mortality	Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale PUBS-2010 mortality tables

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 161,056	\$ 92,980	\$ 65,465	\$ 59,720	\$ 48,617	\$ 53,364	\$ 55,591
<u>174,287</u>	<u>163,434</u>	<u>81,308</u>	<u>72,764</u>	<u>79,410</u>	<u>63,013</u>	<u>64,957</u>
\$ <u>(13,231)</u>	\$ <u>(70,454)</u>	\$ <u>(15,843)</u>	\$ <u>(13,044)</u>	\$ <u>(30,793)</u>	\$ <u>(9,649)</u>	\$ <u>(9,366)</u>
\$ <u>1,040,000</u>	\$ <u>961,494</u>	\$ <u>666,056</u>	\$ <u>700,000</u>	\$ <u>570,000</u>	\$ <u>555,812</u>	\$ <u>587,288</u>
<u>16.76%</u>	<u>17.00%</u>	<u>12.21%</u>	<u>10.39%</u>	<u>13.93%</u>	<u>11.34%</u>	<u>11.06%</u>

EAST GOSHEN TOWNSHIP
SCHEDULE OF FIREMEN'S PENSION PLAN
INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>16.67%</u>	<u>-15.64%</u>	<u>12.63%</u>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>16.04%</u>	<u>20.59%</u>	<u>-6.68%</u>	<u>15.67%</u>	<u>6.46%</u>	<u>-2.16%</u>	<u>2.50%</u>

EAST GOSHEN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY			
Interest	\$ 168,059	\$ 165,435	\$ 161,423
Differences between expected and actual experience	(16,078)	-	(149,854)
Changes of assumptions	-	-	167,150
Benefit payments, including refunds of member contributions	<u>(122,616)</u>	<u>(98,372)</u>	<u>(105,601)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	29,365	67,063	73,118
Total pension liability, beginning	<u>2,567,144</u>	<u>2,500,081</u>	<u>2,426,963</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 2,596,509</u>	<u>\$ 2,567,144</u>	<u>\$ 2,500,081</u>
PLAN FIDUCIARY NET POSITION			
Net investment income	\$ 491,612	\$ (605,401)	\$ 434,561
Benefit payments, including refunds of member contributions	(122,616)	(98,372)	(105,601)
Administrative expense	<u>(10,900)</u>	<u>(4,400)</u>	<u>(9,400)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	358,096	(708,173)	319,560
Plan fiduciary net position, beginning	<u>3,073,866</u>	<u>3,782,039</u>	<u>3,462,479</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 3,431,962</u>	<u>\$ 3,073,866</u>	<u>\$ 3,782,039</u>
NET PENSION ASSET, ENDING (a)-(b)	<u>\$ (835,453)</u>	<u>\$ (506,722)</u>	<u>\$ (1,281,958)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>132.2%</u>	<u>119.7%</u>	<u>151.3%</u>
COVERED PAYROLL	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	159,900	\$ 151,560	\$ 162,956	\$ 164,144	\$ 155,548	\$ 151,866	\$ 146,061
	-	(138,861)	-	(22,325)	-	(30,794)	-
	-	-	-	7,114	-	323,943	-
	<u>(34,452)</u>	<u>(30,374)</u>	<u>(343,412)</u>	<u>(18,829)</u>	<u>(16,253)</u>	<u>(182,254)</u>	<u>(8,664)</u>
	125,448	(17,675)	(180,456)	130,104	139,295	262,761	137,397
	<u>2,301,515</u>	<u>2,319,190</u>	<u>2,499,646</u>	<u>2,369,542</u>	<u>2,230,247</u>	<u>1,967,486</u>	<u>1,830,089</u>
\$	<u>2,426,963</u>	<u>2,301,515</u>	<u>2,319,190</u>	<u>2,499,646</u>	<u>2,369,542</u>	<u>2,230,247</u>	<u>1,967,486</u>
\$	453,065	\$ 521,788	\$ (175,777)	\$ 431,723	\$ 187,198	\$ (25,974)	\$ 106,960
	(34,452)	(30,374)	(343,412)	(18,829)	(16,253)	(182,254)	(8,664)
	<u>(5,400)</u>	<u>(9,300)</u>	<u>(4,800)</u>	<u>(8,850)</u>	<u>(4,850)</u>	<u>(7,975)</u>	<u>(3,575)</u>
	413,213	482,114	(523,989)	404,044	166,095	(216,203)	94,721
	<u>3,049,266</u>	<u>2,567,152</u>	<u>3,091,141</u>	<u>2,687,097</u>	<u>2,521,002</u>	<u>2,737,205</u>	<u>2,642,483</u>
\$	<u>3,462,479</u>	<u>3,049,266</u>	<u>2,567,152</u>	<u>3,091,141</u>	<u>2,687,097</u>	<u>2,521,002</u>	<u>2,737,204</u>
\$	<u>(1,035,516)</u>	<u>(747,751)</u>	<u>(247,962)</u>	<u>(591,495)</u>	<u>(317,555)</u>	<u>(290,755)</u>	<u>(769,718)</u>
	<u>142.7%</u>	<u>132.5%</u>	<u>110.7%</u>	<u>123.7%</u>	<u>113.4%</u>	<u>113.0%</u>	<u>139.1%</u>
\$	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

EAST GOSHEN TOWNSHIP
SCHEDULE OF NON-UNIFORMED
PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

Schedule of Township Contributions

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
COVERED-EMPLOYEE PAYROLL	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	N/A
Asset valuation method	Market value
Inflation	2.25%
Salary increases	0.00%
Investment rate of return	6.75% (Net of pension plan investment expense including inflation)
Retirement age	65
Mortality	Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

EAST GOSHEN TOWNSHIP
SCHEDULE OF NON-UNIFORMED
PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>16.40%</u>	<u>-16.17%</u>	<u>12.83%</u>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>14.93%</u>	<u>20.52%</u>	<u>-6.12%</u>	<u>16.16%</u>	<u>7.92%</u>	<u>-0.97%</u>	<u>4.59%</u>

SUPPLEMENTARY INFORMATION

EAST GOSHEN TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	State Liquid Fuels Highway Aid Fund	Road Improvements Fund	Infrastructure Fund	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ <u>1,057</u>	\$ <u>493,826</u>	\$ <u>1,767,258</u>	\$ <u>2,262,141</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,497</u>	\$ <u>1,497</u>
FUND BALANCES				
Restricted for				
Road improvements	\$ -	\$ 493,826	\$ -	\$ 493,826
Infrastructure projects	-	-	1,765,761	1,765,761
Other projects	<u>1,057</u>	<u>-</u>	<u>-</u>	<u>1,057</u>
TOTAL FUND BALANCES	<u>\$ 1,057</u>	<u>\$ 493,826</u>	<u>\$ 1,765,761</u>	<u>\$ 2,260,644</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,057</u>	<u>\$ 493,826</u>	<u>\$ 1,767,258</u>	<u>\$ 2,262,141</u>

See accompanying notes to the basic financial statements.

EAST GOSHEN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	State Liquid Fuels Highway Aid Fund	Road Improvements Fund	Infrastructure Fund	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 528,959	\$ -	\$ -	\$ 528,959
Investment earnings	19,278	24,901	87,632	131,811
TOTAL REVENUES	<u>548,237</u>	<u>24,901</u>	<u>87,632</u>	<u>660,770</u>
EXPENDITURES				
Current				
Highways and streets	547,744	-	-	547,744
Capital outlay	-	-	116,821	116,821
TOTAL EXPENDITURES	<u>547,744</u>	<u>-</u>	<u>116,821</u>	<u>664,565</u>
NET CHANGE IN FUND BALANCES	493	24,901	(29,189)	(3,795)
FUND BALANCES AT BEGINNING OF YEAR	<u>564</u>	<u>468,925</u>	<u>1,794,950</u>	<u>2,264,439</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,057</u>	<u>\$ 493,826</u>	<u>\$ 1,765,761</u>	<u>\$ 2,260,644</u>

See accompanying notes to the basic financial statements.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Goshen Township for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise East Goshen Township's basic financial statements, and have issued our report thereon dated May 2, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Goshen Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Maillie LLP".

New Castle, Delaware
May 2, 2024

***Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance in Accordance
With the Uniform Guidance***

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Goshen Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of East Goshen Township's major federal programs for the year ended December 31, 2023. East Goshen Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, East Goshen Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of East Goshen Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of East Goshen Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to East Goshen Township's federal programs.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on East Goshen Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about East Goshen Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding East Goshen Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of East Goshen Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of East Goshen Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maillie LLP

New Castle, Delaware
May 2, 2024

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

EAST GOSHEN TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Project Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. DEPARTMENT OF TREASURY				
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	N/A	812,428	-
TOTAL U.S. DEPARTMENT OF TREASURY			<u>812,428</u>	<u>-</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 812,428</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditure of federal awards.

EAST GOSHEN TOWNSHIP

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2023

NOTE A - REPORTING ENTITY

East Goshen Township is the reporting entity for financial reporting purposes as defined in Note A of East Goshen Township's financial statements.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of East Goshen Township under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of East Goshen Township, it is not intended to and does not present the financial position, change in net position, or cash flows of East Goshen Township.

NOTE C - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Township's federal award program presented using the modified accrual basis of accounting as described in the financial statements.

The Township has not elected to use the 10% de minimis indirect cost rate as discussed in 2 CFR 200.414(f).

EAST GOSHEN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of East Goshen Township.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of East Goshen Township were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major award programs for East Goshen Township expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Grant Guidance.
7. The programs tested as major programs include:

Program	ALN
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. East Goshen Township was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None