

**EAST GOSHEN TOWNSHIP**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2024*

## **INTRODUCTORY SECTION**

**EAST GOSHEN TOWNSHIP**  
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**DECEMBER 31, 2024**

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

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

### ***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, 2024, 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, 2024, 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). 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.

### ***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 6 through 16, budgetary comparison information on pages 57 through 59 and pension plan information on pages 60 through 65 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 and the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, 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 combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



New Castle, Delaware  
April 1, 2025

# **EAST GOSHEN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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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, 2024. 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 2024 are compliant with GASB 34.
- The net position of the Township at the close of the 2024 fiscal year was \$43,699,215. 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 \$33,755,023. The comparable total as of December 31, 2023, was \$32,846,871.
- The net position of the business-type activities (Refuse, Sewer, Sewer Capital Reserve and Municipal Authority Funds) is \$9,944,192. The unrestricted net position for the business-type activities as of December 31, 2024, is \$4,100,973 while \$5,843,219 is invested in capital assets.
- The Township implemented a local real estate tax of 1.75 mills in 2024.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's fiscal year 2024 financial statements. The Township's fiscal year 2024 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, 2024

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### **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 17 and 18 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, 2024

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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 19 through 22 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 23 through 25 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 26 and 27 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 28 through 56 of this report.

# **EAST GOSHEN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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### **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 57 through 65 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 \$43,699,215 and \$41,904,177 at the close of December 31, 2024 and 2023, respectively. This represents an increase of \$1,795,038, or 4.3%.

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, \$3,264,424 at December 31, 2024 and \$3,128,878 at 2023, 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, 2024, \$19,614,284 or 44.88%, 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 \$18,828,730 or 44.93% at December 31, 2023.

**EAST GOSHEN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2024**

**Statement of Net Position**

	2024			2023		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
ASSETS						
Current and other assets	\$ 21,621,684	\$ 4,425,897	\$ 26,047,581	\$ 22,241,711	\$ 4,059,407	\$ 26,301,118
Capital assets	19,131,594	13,447,354	32,578,948	18,257,400	13,393,492	31,650,892
TOTAL ASSETS	<u>40,753,278</u>	<u>17,873,251</u>	<u>58,626,529</u>	<u>40,499,111</u>	<u>17,452,899</u>	<u>57,952,010</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>113,625</u>	<u>-</u>	<u>113,625</u>	<u>405,910</u>	<u>-</u>	<u>405,910</u>
LIABILITIES						
Other liabilities	609,661	324,924	934,585	802,501	92,338	894,839
Long-term liabilities	5,027,406	7,604,135	12,631,541	5,625,556	8,303,225	13,928,781
TOTAL LIABILITIES	<u>5,637,067</u>	<u>7,929,059</u>	<u>13,566,126</u>	<u>6,428,057</u>	<u>8,395,593</u>	<u>14,823,650</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,474,813</u>	<u>-</u>	<u>1,474,813</u>	<u>1,630,093</u>	<u>-</u>	<u>1,630,093</u>
NET POSITION						
Net investment in capital assets	14,977,288	5,843,219	20,820,507	14,856,332	5,090,237	19,946,569
Restricted	3,264,424	-	3,264,424	3,128,878	-	3,128,878
Unrestricted	<u>15,513,311</u>	<u>4,100,973</u>	<u>19,614,284</u>	<u>14,861,661</u>	<u>3,967,069</u>	<u>18,828,730</u>
TOTAL NET POSITION	<u>\$ 33,755,023</u>	<u>\$ 9,944,192</u>	<u>\$ 43,699,215</u>	<u>\$ 32,846,871</u>	<u>\$ 9,057,306</u>	<u>\$ 41,904,177</u>

The Township's Statement of Activities shows how the net position changed during the fiscal year 2024. The Statement of Activities can be found on page 18 of this report.

As shown on the Statement of Activities, the Township's net position increased by \$1,795,038 from January 1, 2024. Of this amount, \$908,152 was an increase from governmental activities (General, Bond, Capital Reserve, COVID Relief, Road Improvements, Infrastructure and State Liquid Fuels (Highway Aid) Funds) and \$886,886 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 21) along with the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities" (page 22).

**Fund Financial Statements**

On page 21, 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 \$662,967, and it decreases the fund balances from January 1, 2024 to December 31, 2024. The total fund balances at December 31, 2024, are \$17,333,226.

## EAST GOSHEN TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2024

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The reconciliation on page 22 explains how the Township arrived at the \$908,152 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 \$320,000, which reduces long-term liabilities in the Statement of Net Position and the amount of \$874,194 by which capital outlays exceed depreciation in the current period.

The *General Fund* reflects an increase of \$687,105 in fund balance for the year. The fund balance at December 31, 2024, is \$8,824,537.

The *Bond Fund* reflects a decrease of \$1,085,332 in fund balance for the year. The fund balance at December 31, 2024, is \$822,122.

The *Capital Reserve Fund* reflects a decrease of \$96,100 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, 2024, is \$5,561,782.

The *COVID Relief Fund* reflects an increase of \$1,096 in fund balance for the year. The fund balance at December 31, 2024, is \$33,877.

The *State Liquid Fuels Highway Aid Fund* reflects an increase of \$163 in fund balance for the year. The fund balance at December 31, 2024, is \$1,220.

The *Road Improvements Fund* reflects an increase in its fund balance of \$26,647. The fund balance at December 31, 2024, is \$520,473.

The *Infrastructure Fund* reflects a decrease of \$196,546 in fund balance for the year. The fund balance at December 31, 2024, is \$1,569,215.

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

#### **Expenses - Governmental Funds**

	2024	2023	Increase (Decrease)
General government	\$ 2,038,928	\$ 2,053,708	\$ (14,780)
Public safety	6,401,553	5,349,112	1,052,441
Sanitation	129,989	131,081	(1,092)
Highways and streets	2,060,565	2,141,731	(81,166)
Culture and recreation	1,004,963	887,009	117,954
Conservation and development	5,663	2,065	3,598
Principal and interest on long-term debt	461,400	673,491	(212,091)
Capital outlay and miscellaneous	2,751,416	2,574,862	176,554
	<u>\$ 14,854,477</u>	<u>\$ 13,813,059</u>	<u>\$ 1,041,418</u>

Expenses in Governmental Funds increased by \$1,041,418, or 7.5%, between the years 2023 and 2024, 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 21) for fiscal year 2024 were \$14,140,210.

## EAST GOSHEN TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2024

The percent of these revenues by source was as follows:

	2024 Revenues by Source	2024 % of Total	2023 Revenues by Source	2023 % of Total
Taxes	\$ 10,230,210	72.4%	\$ 9,821,402	69.5%
Fees, licenses and permits	395,987	2.8%	415,050	2.9%
Fines and forfeits	119,045	0.8%	54,258	0.4%
Interest and rents	1,052,568	7.4%	1,078,175	7.6%
Intergovernmental	1,336,209	9.5%	1,914,321	13.5%
Charges for services	802,346	5.7%	792,541	5.6%
Miscellaneous	203,845	1.4%	63,146	0.5%
	<u>\$ 14,140,210</u>	<u>100.0%</u>	<u>\$ 14,138,893</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 \$886,886 (page 18).

The business-type activities referred to in the Government-wide Financial Statements (pages 17 and 18) are reported as Proprietary (or Enterprise) Funds in the Fund Financial Statements (pages 23 through 25).

The *Sewer Fund's* share of the \$886,886 increase in net position was an increase of \$967,217 for 2024, as compared to an increase of \$658,589 for 2023.

#### ***Sewer Fund Statements of Revenues, Expenses and Changes in Net Position 2024 Comparison to 2023***

	2024	2023
OPERATING REVENUES	\$ 3,827,161	\$ 3,492,101
OPERATING EXPENSES	<u>3,411,633</u>	<u>3,485,877</u>
OPERATING INCOME	415,528	6,224
NONOPERATING REVENUES (EXPENSES), NET	<u>(217,591)</u>	<u>(15,202)</u>
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	197,937	(8,978)
INTERFUND TRANSFERS, NET	<u>769,280</u>	<u>667,567</u>
CHANGE IN NET POSITION	<u>\$ 967,217</u>	<u>\$ 658,589</u>

## EAST GOSHEN TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2024

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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 July 2024 from \$9.70/thousand gallons and \$35.61 fixed/quarter to \$10.20/thousand gallons and \$60.61 fixed/quarter.

The *Refuse Fund's* experienced a decrease in net position of \$38,835 for 2024 due to higher costs for processing recycled materials. The Refuse Fund's net position decreased by \$70,883 in 2023.

#### ***Refuse Fund Statements of Revenues, Expenses and Changes in Net Position*** ***2024 Comparison to 2023***

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES	\$ 1,367,095	\$ 1,366,341
OPERATING EXPENSES	<u>1,469,594</u>	<u>1,620,037</u>
OPERATING INCOME (LOSS)	(102,499)	(253,696)
NONOPERATING REVENUES, NET	<u>63,664</u>	<u>182,813</u>
CHANGE IN NET POSITION	<u>\$ (38,835)</u>	<u>\$ (70,883)</u>

The current refuse rate is \$100/quarter.

The *Municipal Authority* experienced an increase in net position of \$4,316 for the year 2024. The Municipal Authority's net position increased by \$62,080 for the year 2023.

#### ***Municipal Authority Statements of Revenues, Expenses and Changes in Net Position*** ***2024 Comparison to 2023***

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES	\$ 780,891	\$ 780,619
OPERATING EXPENSES	<u>119,954</u>	<u>109,099</u>
OPERATING INCOME	660,937	671,520
NONOPERATING REVENUES (EXPENSES), NET	<u>(25,475)</u>	<u>(175,055)</u>
INCOME BEFORE INTERFUND TRANSFERS	635,462	496,465
INTERFUND TRANSFERS, NET	<u>(631,146)</u>	<u>(434,385)</u>
CHANGE IN NET POSITION	<u>\$ 4,316</u>	<u>\$ 62,080</u>

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2024**

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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 \$342,914.

*Total tax revenues* were over budget by \$522,637. Earned Income Tax was over budget by \$332,572 or about 5.8%, while Real Estate Transfer Tax was over budget by \$197,285 or about 27.4%.

*Interest earnings and rents* were \$53,590 over budget as the Federal Reserve did not lower interest rates as quickly as anticipated.

*Culture & Recreation* revenues were over budget by \$68,709 due to higher summer program, golf, and tennis registrations.

*Miscellaneous* revenues were under over by \$116,034 from insurance claims not budgeted.

*Transfers* to the General Fund from other Township funds were under budgeted by \$466,973 as funds expected to be needed to cover WEGO expenses were unnecessary and not actually transferred from the Existing General Fund balance as budgeted.

##### **Expenses**

General Fund expenses were over budget by \$289,909 for 2024.

*General government* expenses were over budget by \$133,145 due to higher communication, advertising, and ABC Appreciation Event costs.

*Public Works - Sanitation* expenses were under budget by \$383,242 due to fewer necessary stormwater projects (materials, wages, and equipment).

*Parks* expenses were under budget by \$39,635 due to less maintenance required by Public Works.

*Public safety* (police and fire expenses) was \$319,708 over budget due to increases in officers' salaries.

## **EAST GOSHEN TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2024**

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#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

The Township's total capital assets for its governmental and business-type activities as of December 31, 2024, were \$32,578,948. 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 \$12,550,000. 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.

#### **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 and Real Estate Transfer Tax collections, alarm enforcement fees, elevated interest rates and insurance claims drove a revenue surplus, allowing a surplus to remain in the General Fund even after the annual Capital Reserve Fund transfer and paying the January 2025 WEGO contribution in December 2024.

## **EAST GOSHEN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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#### **Next Year's Budget**

East Goshen Township adopted an aggressive 2025 budget with \$0 net result anticipating continued strong Earned Income Tax and Real Estate Transfer Tax revenue while maintaining non-public safety expenses at or below 2024 levels. Uncertain economic effects on inflation, employment, and interest rates due to changes in U.S. policy are the largest risk to achieving budget expectations.

#### **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, 2024**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,630,963	\$ 3,973,138	\$ 14,604,101
Investments	5,819,756	-	5,819,756
Receivables, net	1,921,222	376,896	2,298,118
Lease receivable	1,376,125	-	1,376,125
Prepaid expenses	733,979	75,863	809,842
Net pension asset	1,139,639	-	1,139,639
Capital assets not being depreciated	238,223	282,762	520,985
Capital assets being depreciated, net	18,893,371	13,164,592	32,057,963
<b>TOTAL ASSETS</b>	<b>40,753,278</b>	<b>17,873,251</b>	<b>58,626,529</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources, pension activity	113,625	-	113,625
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	243,631	307,285	550,916
Accrued interest	33,936	17,639	51,575
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	332,094	720,120	1,052,214
Portion due or payable after one year			
Compensated absences	373,072	-	373,072
Bonds and notes payable	4,654,334	6,884,015	11,538,349
<b>TOTAL LIABILITIES</b>	<b>5,637,067</b>	<b>7,929,059</b>	<b>13,566,126</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension activity	199,246	-	199,246
Deferred inflows of resources, lease activity	1,275,567	-	1,275,567
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,474,813</b>	<b>-</b>	<b>1,474,813</b>
<b>NET POSITION</b>			
Net investment in capital assets	14,977,288	5,843,219	20,820,507
Restricted for			
Net pension asset	1,139,639	-	1,139,639
Road improvements	520,473	-	520,473
Infrastructure projects	1,569,215	-	1,569,215
Other projects	35,097	-	35,097
Unrestricted	15,513,311	4,100,973	19,614,284
<b>TOTAL NET POSITION</b>	<b>\$ 33,755,023</b>	<b>\$ 9,944,192</b>	<b>\$ 43,699,215</b>

See accompanying notes to the basic financial statements.

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,763,708	\$ 51,257	\$ -	\$ 132,246
Public safety	7,077,447	462,973	486,842	-
Public works				
Sanitation	199,616	-	-	-
Highways and streets	2,066,670	3,431	527,577	-
Culture and recreation	1,113,932	310,582	176,000	-
Conservation and development	6,411	-	-	-
Interest on long-term debt	137,892	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	13,365,676	828,243	1,190,419	132,246
BUSINESS-TYPE ACTIVITIES				
Refuse	1,469,594	1,367,095	49,738	-
Sewer	3,849,477	4,613,733	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	5,319,071	5,980,828	49,738	-
TOTAL TOWNSHIP ACTIVITIES	\$ 18,684,747	\$ 6,809,071	\$ 1,240,157	\$ 132,246

**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**

**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
\$ (2,580,205)	\$ -	\$ (2,580,205)
(6,127,632)	-	(6,127,632)
(199,616)	-	(199,616)
(1,535,662)	-	(1,535,662)
(627,350)	-	(627,350)
(6,411)	-	(6,411)
(137,892)	-	(137,892)
(11,214,768)	-	(11,214,768)
-	(52,761)	(52,761)
-	764,256	764,256
-	711,495	711,495
(11,214,768)	711,495	(10,503,273)
2,848,364	-	2,848,364
939,460	-	939,460
6,172,774	-	6,172,774
351,930	-	351,930
389,952	-	389,952
9,382	-	9,382
6,035	-	6,035
119,045	-	119,045
856,259	174,271	1,030,530
51,300	-	51,300
378,419	1,120	379,539
12,122,920	175,391	12,298,311
908,152	886,886	1,795,038
32,846,871	9,057,306	41,904,177
\$ 33,755,023	\$ 9,944,192	\$ 43,699,215

# EAST GOSHEN TOWNSHIP

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	General Fund	Bond Fund	Capital Reserve Fund
ASSETS			
Cash and cash equivalents	\$ 4,287,427	\$ 832,660	\$ 3,561,619
Investments	3,819,756	-	2,000,000
Taxes receivable, net	1,745,222	-	-
Other receivables	-	-	-
Lease receivable	1,376,125	-	-
Prepaid expenses	733,816	-	163
TOTAL ASSETS	\$ 11,962,346	\$ 832,660	\$ 5,561,782
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 93,670	\$ 10,538	\$ -
Accrued salaries and benefits	138,951	-	-
TOTAL LIABILITIES	232,621	10,538	-
DEFERRED INFLOWS OF RESOURCES			
Lease activity	1,275,567	-	-
Unavailable revenues			
Earned income taxes	1,622,083	-	-
Real estate taxes	7,538	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,905,188	-	-
FUND BALANCES			
Nonspendable, prepaid expenses	733,816	-	-
Restricted			
Capital projects	-	822,122	-
Road improvements	-	-	-
Infrastructure projects	-	-	-
Other projects	-	-	-
Assigned			
Capital projects	-	-	5,561,782
Operating reserve	3,214,774	-	-
Unassigned	4,875,947	-	-
TOTAL FUND BALANCES	8,824,537	822,122	5,561,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,962,346	\$ 832,660	\$ 5,561,782

See accompanying notes to the basic financial statements.

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COVID Relief Fund	Other Governmental Funds	Total Governmental Funds
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ 33,877	\$ 1,915,380	\$ 10,630,963
-	-	5,819,756
-	-	1,745,222
-	176,000	176,000
-	-	1,376,125
-	-	733,979
<u>33,877</u>	<u>                    </u>	<u>                    </u>
\$ <u><u>33,877</u></u>	\$ <u><u>2,091,380</u></u>	\$ <u><u>20,482,045</u></u>

\$ -	\$ 472	\$ 104,680
-	-	138,951
<u>-</u>	<u>472</u>	<u>243,631</u>

-	-	1,275,567
-	-	1,622,083
<u>-</u>	<u>-</u>	<u>7,538</u>

<u>-</u>	<u>-</u>	<u>2,905,188</u>
----------	----------	------------------

-	-	733,816
-	-	822,122
-	520,473	520,473
-	1,569,215	1,569,215
33,877	1,220	35,097
-	-	5,561,782
-	-	3,214,774
-	-	4,875,947
<u>33,877</u>	<u>2,090,908</u>	<u>17,333,226</u>

\$ <u><u>33,877</u></u>	\$ <u><u>2,091,380</u></u>	\$ <u><u>20,482,045</u></u>
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## EAST GOSHEN TOWNSHIP

### RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2024

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TOTAL GOVERNMENTAL FUNDS BALANCES \$ 17,333,226

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	213,956
Infrastructure	13,218,794
Vehicles	1,985,569
Buildings and improvements	10,982,745
Software	153,500
Machinery, equipment and furniture	3,962,298
Accumulated depreciation	(11,409,535)

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

1,139,639

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

(85,621)

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

Compensated absences	(373,072)
Bonds and notes payable	(4,962,094)
Accrued interest	(33,936)
Unamortized bond premium	(24,334)

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.

1,629,621

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 33,755,023

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP****STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	General Fund	Bond Fund	Capital Reserve Fund
REVENUES			
Taxes			
Real estate	\$ 2,840,826	\$ -	\$ -
Real estate transfer	939,460	-	-
Local services tax	351,930	-	-
Earned income	6,097,994	-	-
Fees, licenses and permits	395,987	-	-
Fines and forfeits	119,045	-	-
Intergovernmental	500,386	-	-
Charges for services	802,346	-	-
Interest and rents	607,278	61,887	251,478
Miscellaneous	203,845	-	-
TOTAL REVENUES	<u>12,859,097</u>	<u>61,887</u>	<u>251,478</u>
EXPENDITURES			
Current			
General government	2,037,549	-	1,379
Public safety	6,401,553	-	-
Public works			
Sanitation	129,989	-	-
Highways and streets	1,623,789	-	-
Culture and recreation	1,004,963	-	-
Conservation and development	5,663	-	-
Debt service			
Principal	320,000	-	-
Interest and other charges	141,400	-	-
Capital outlay	-	1,147,219	1,017,476
TOTAL EXPENDITURES	<u>11,664,906</u>	<u>1,147,219</u>	<u>1,018,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,194,191</u>	<u>(1,085,332)</u>	<u>(767,377)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	112,891	-	619,977
Transfers out	(619,977)	-	-
Proceeds from sale of assets	-	-	51,300
TOTAL OTHER FINANCING SOURCES (USES)	<u>(507,086)</u>	<u>-</u>	<u>671,277</u>
NET CHANGE IN FUND BALANCES	687,105	(1,085,332)	(96,100)
FUND BALANCES AT BEGINNING OF YEAR	<u>8,137,432</u>	<u>1,907,454</u>	<u>5,657,882</u>
FUND BALANCES AT END OF YEAR	<u>\$ 8,824,537</u>	<u>\$ 822,122</u>	<u>\$ 5,561,782</u>

*See accompanying notes to the basic financial statements.*

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COVID Relief Fund	Other Governmental Funds	Total Governmental Funds
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ -	\$ -	\$ 2,840,826
-	-	939,460
-	-	351,930
-	-	6,097,994
-	-	395,987
-	-	119,045
132,246	703,577	1,336,209
-	-	802,346
3,931	127,994	1,052,568
-	-	203,845
<u>136,177</u>	<u>831,571</u>	<u>14,140,210</u>
-	-	2,038,928
-	-	6,401,553
-	-	129,989
-	436,776	2,060,565
-	-	1,004,963
-	-	5,663
-	-	320,000
-	-	141,400
135,081	451,640	2,751,416
<u>135,081</u>	<u>888,416</u>	<u>14,854,477</u>
<u>1,096</u>	<u>(56,845)</u>	<u>(714,267)</u>
-	-	732,868
-	(112,891)	(732,868)
-	-	51,300
<u>-</u>	<u>(112,891)</u>	<u>51,300</u>
1,096	(169,736)	(662,967)
<u>32,781</u>	<u>2,260,644</u>	<u>17,996,193</u>
<u>\$ 33,877</u>	<u>\$ 2,090,908</u>	<u>\$ 17,333,226</u>

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## EAST GOSHEN TOWNSHIP

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

---

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (662,967)

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.

874,194

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.

162,283

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

Real estate taxes

7,538

Earned income taxes

74,780

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.

1,414

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

320,000

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

128,816

CHANGE IN NET POSITION OF GOVERNMENTAL  
ACTIVITIES

\$ 908,152

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 423,714	\$ 1,333,432	\$ 2,200,266
Receivables, net	66,344	310,552	-
Prepaid expenses	4,606	70,185	-
<b>TOTAL CURRENT ASSETS</b>	<b>494,664</b>	<b>1,714,169</b>	<b>2,200,266</b>
<b>NONCURRENT ASSETS</b>			
Due from other funds	-	-	-
Capital assets			
Construction in progress	-	282,762	-
Sewer treatment plant and improvements	-	19,195,418	-
Accumulated depreciation	-	(6,030,826)	-
<b>TOTAL CAPITAL ASSETS, net of accumulated depreciation</b>	<b>-</b>	<b>13,447,354</b>	<b>-</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>13,447,354</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 494,664</b>	<b>\$ 15,161,523</b>	<b>\$ 2,200,266</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 16,535	\$ 276,204	\$ -
Accrued interest	-	14,200	-
Bonds and notes payable, current	-	136,120	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>16,535</b>	<b>426,524</b>	<b>-</b>
<b>NONCURRENT LIABILITIES</b>			
Due to other funds	-	5,515,000	-
Bonds and notes payable	-	1,953,015	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>7,468,015</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>16,535</b>	<b>7,894,539</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	5,843,219	-
Unrestricted	478,129	1,423,765	2,200,266
<b>TOTAL NET POSITION</b>	<b>478,129</b>	<b>7,266,984</b>	<b>2,200,266</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 494,664</b>	<b>\$ 15,161,523</b>	<b>\$ 2,200,266</b>

*See accompanying notes to the basic financial statements.*

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<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ 15,726	\$ 3,973,138
-	376,896
1,072	75,863
<u>16,798</u>	<u>4,425,897</u>
 5,515,000	 5,515,000
 -	 282,762
 -	 19,195,418
 -	 (6,030,826)
 <u>-</u>	 <u>13,447,354</u>
 5,515,000	 18,962,354
 <u>\$ 5,531,798</u>	 <u>\$ 23,388,251</u>
  \$ 14,546	  \$ 307,285
3,439	17,639
<u>584,000</u>	<u>720,120</u>
 601,985	 1,045,044
 -	 5,515,000
<u>4,931,000</u>	<u>6,884,015</u>
 4,931,000	 12,399,015
<u>5,532,985</u>	<u>13,444,059</u>
 -	 5,843,219
<u>(1,187)</u>	<u>4,100,973</u>
<u>(1,187)</u>	<u>9,944,192</u>
 <u>\$ 5,531,798</u>	 <u>\$ 23,388,251</u>

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
OPERATING REVENUES			
Charges for services	\$ 1,367,095	\$ 4,608,052	\$ -
Lease rentals, net	-	(780,891)	-
TOTAL OPERATING REVENUES	1,367,095	3,827,161	-
OPERATING EXPENSES			
Administrative expenses	21,179	126,406	-
Program operations	492,191	674,868	-
Contracted services	956,224	713,710	-
Repairs and maintenance	-	1,208,331	9,918
Utilities	-	148,287	-
Depreciation	-	540,031	-
TOTAL OPERATING EXPENSES	1,469,594	3,411,633	9,918
OPERATING INCOME (LOSS)	(102,499)	415,528	(9,918)
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	13,926	57,772	102,240
Grant revenue	49,738	-	-
Capital contributions	-	-	-
Tapping fees	-	-	-
Interest expense	-	(276,483)	-
Amortization of bond premium	-	1,120	-
TOTAL NONOPERATING REVENUES (EXPENSES)	63,664	(217,591)	102,240
INCOME (LOSS) BEFORE TRANSFERS	(38,835)	197,937	92,322
TRANSFERS IN	-	1,363,385	420,000
TRANSFERS OUT	-	(594,105)	(558,134)
CHANGE IN NET POSITION	(38,835)	967,217	(45,812)
NET POSITION AT BEGINNING OF YEAR	516,964	6,299,767	2,246,078
NET POSITION AT END OF YEAR	\$ 478,129	\$ 7,266,984	\$ 2,200,266

*See accompanying notes to the basic financial statements.*

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<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ -	\$ 5,975,147
<u>780,891</u>	<u>-</u>
<u>780,891</u>	<u>5,975,147</u>
46,977	194,562
-	1,167,059
72,977	1,742,911
-	1,218,249
-	148,287
<u>-</u>	<u>540,031</u>
<u>119,954</u>	<u>5,011,099</u>
<u>660,937</u>	<u>964,048</u>
333	174,271
-	49,738
(31,489)	(31,489)
5,681	5,681
-	(276,483)
<u>-</u>	<u>1,120</u>
<u>(25,475)</u>	<u>(77,162)</u>
635,462	886,886
732,239	2,515,624
<u>(1,363,385)</u>	<u>(2,515,624)</u>
4,316	886,886
<u>(5,503)</u>	<u>9,057,306</u>
\$ <u><u>(1,187)</u></u>	\$ <u><u>9,944,192</u></u>

**EAST GOSHEN TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Enterprise Funds		
	Refuse Fund	Sewer Fund	Sewer Capital Reserve Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,527,450	\$ 4,557,483	\$ -
Lease rental payments	-	(780,891)	-
Payments to suppliers	(1,474,955)	(2,661,478)	(9,918)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	52,495	1,115,114	(9,918)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net investment in lease	-	-	-
Payments to other governments	-	-	-
Operating grants	49,738	-	-
Transfers from other funds	-	1,363,385	420,000
Transfers to other funds	-	(594,105)	(558,134)
Due to (from) other funds	-	(563,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	49,738	206,280	(138,134)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Tapping fees received	-	-	-
Principal payments on debt	-	(135,000)	-
Interest paid	-	(276,483)	-
Acquisition, construction and improvements of capital assets	-	(593,893)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(1,005,376)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	13,926	57,772	102,240
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	116,159	373,790	(45,812)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	307,555	959,642	2,246,078
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 423,714</u>	<u>\$ 1,333,432</u>	<u>\$ 2,200,266</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (102,499)	\$ 415,528	\$ (9,918)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	540,031	-
(Increase) decrease in			
Receivables, net	160,355	(50,569)	-
Prepaid expenses	(145)	(23,740)	-
Increase (decrease) in			
Accounts payable	(5,216)	234,461	-
Accrued interest	-	(597)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 52,495</u>	<u>\$ 1,115,114</u>	<u>\$ (9,918)</u>

*See accompanying notes to the basic financial statements.*

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<u>Municipal Authority</u>	<u>Total Proprietary Funds</u>
\$ -	\$ 6,084,933
780,891	-
<u>(115,753)</u>	<u>(4,262,104)</u>
<u>665,138</u>	<u>1,822,829</u>
562,647	562,647
(31,489)	(31,489)
-	49,738
732,239	2,515,624
(1,363,385)	(2,515,624)
<u>-</u>	<u>(563,000)</u>
<u>(99,988)</u>	<u>17,896</u>
5,681	5,681
(563,000)	(698,000)
-	(276,483)
<u>-</u>	<u>(593,893)</u>
<u>(557,319)</u>	<u>(1,562,695)</u>
<u>333</u>	<u>174,271</u>
8,164	452,301
<u>7,562</u>	<u>3,520,837</u>
<u>\$ 15,726</u>	<u>\$ 3,973,138</u>
\$ 660,937	\$ 964,048
-	540,031
-	109,786
(90)	(23,975)
4,291	233,536
<u>-</u>	<u>(597)</u>
<u>\$ 665,138</u>	<u>\$ 1,822,829</u>

**EAST GOSHEN TOWNSHIP****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****DECEMBER 31, 2024**

	Pension Trust Funds		
	Firemen's Pension Fund	Non- Uniformed Pension Fund	Non- Uniformed Defined Contribution Pension Fund
ASSETS			
Cash and cash equivalents	\$ 138,002	\$ 123,442	\$ 63,984
Receivables			
Employee contributions	30	-	-
State aid receivable from Non-Uniformed	21,048	-	-
Plan Prepaid pension payment	6,057	8,735	-
Investments			
Bond funds	961,345	991,165	629,033
Equity funds	2,533,310	2,595,753	1,027,103
TOTAL ASSETS	\$ <u>3,659,792</u>	\$ <u>3,719,095</u>	\$ <u>1,720,120</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Transfer of state aid payable to Firemen Pension Plan	\$ -	\$ -	\$ 21,048
NET POSITION			
Restricted for pension benefits	<u>3,659,792</u>	<u>3,719,095</u>	<u>1,699,072</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>3,659,792</u>	\$ <u>3,719,095</u>	\$ <u>1,720,120</u>

*See accompanying notes to the basic financial statements.*

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<div>Private- Purpose Trust Fund</div> <div>Police Pension Trust Fund</div>	<div>Total Fiduciary Funds</div>
\$ 45,638	\$ 371,066
-	30
-	21,048
-	14,792
321,543	2,903,086
<u>838,272</u>	<u>6,994,438</u>
\$ <u><u>1,205,453</u></u>	\$ <u><u>10,304,460</u></u>
\$ <u>-</u>	\$ <u>21,048</u>
<u>1,205,453</u>	<u>10,283,412</u>
\$ <u><u>1,205,453</u></u>	\$ <u><u>10,304,460</u></u>

**EAST GOSHEN TOWNSHIP****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****YEAR ENDED DECEMBER 31, 2024**

	Pension Trust Funds		
	Firemen's Pension Fund	Non- Uniformed Pension Fund	Non- Uniformed Defined Contribution Pension Fund
ADDITIONS			
Contributions			
Employer	\$ 33,000	\$ -	\$ -
Employee	49,378	-	-
State	163,623	-	163,112
TOTAL CONTRIBUTIONS	246,001	-	163,112
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	300,010	328,195	116,720
Interest and dividends	83,947	89,729	42,737
Investment expense	(18,215)	(19,777)	(8,611)
TOTAL INVESTMENT INCOME	365,742	398,147	150,846
TOTAL ADDITIONS	611,743	398,147	313,958
DEDUCTIONS			
Pension payments	72,679	104,814	-
Administrative expenses	5,600	6,200	5,300
Lump sum distributions	-	-	21,656
TOTAL DEDUCTIONS	78,279	111,014	26,956
CHANGE IN NET POSITION	533,464	287,133	287,002
NET POSITION AT BEGINNING OF YEAR	3,126,328	3,431,962	1,412,070
NET POSITION AT END OF YEAR	\$ 3,659,792	\$ 3,719,095	\$ 1,699,072

*See accompanying notes to the basic financial statements.*

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<div>Private- Purpose Trust Fund</div> <div>Police Pension Trust Fund</div>	<div>Total Fiduciary Funds</div>
\$ -	\$ 33,000
-	49,378
-	326,735
-	409,113
104,048	848,973
28,760	245,173
(6,312)	(52,915)
126,496	1,041,231
126,496	1,450,344
-	177,493
-	17,100
-	21,656
-	216,249
126,496	1,234,095
1,078,957	9,049,317
\$ 1,205,453	\$ 10,283,412

## EAST GOSHEN TOWNSHIP

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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#### 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, 2024

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**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.

**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, 2024

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**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, 2024**

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**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, 2024

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**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 employees receive 72 sick leave hours per year and are allowed to accumulate up to 480 hours. Eligible employees may carry over a maximum of 80 vacation hours each year into their vacation reserve. Vacation reserve has no maximum limit. Any unused vacation received per year in excess of 80 hours is forfeited. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**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 lien 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, 2024, the allowance for uncollectible sewer and refuse accounts receivable are \$58,658 and \$18,477, respectively.

# EAST GOSHEN TOWNSHIP

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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### 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 2024.
- ***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, 2024**

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**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.

**Adoption of New Accounting Standard**

The Township implemented GASB Statement No. 101, Compensated Absences, effective January 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

The adoption of GASB 101 did not have a material impact on the financial statements.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

The Township's deposits with financial institutions at December 31, 2024, 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.

***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, 2024, \$250,000 of the Township's bank balance of \$15,631,389 was covered under FDIC insurance. \$1,637,759 was exposed to custodial credit risk, which is collateralized as described, and \$13,743,630 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, 2024

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2024, the Township had the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities		
			Less Than 1 Year	1 to 5 Years	6 to 10 Years
State investment pools	\$ 5,819,756	\$ -	\$ 5,819,756	\$ -	\$ -
Bond funds	-	2,903,086	-	130,953	2,772,133
Equity funds	-	6,994,438	6,994,438	-	-
	<u>\$ 5,819,756</u>	<u>\$ 9,897,524</u>	<u>\$ 12,814,194</u>	<u>\$ 130,953</u>	<u>\$ 2,772,133</u>

A portion of the Township's investments is in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2024, is \$5,819,756. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized costs in accordance with GASB Statement No. 79. There are no withdrawal restrictions on these investments.

**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.

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

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

	<u>Fair Value</u>	<u>Credit Quality</u>
INVESTMENT TYPE		
Bond funds	\$ 2,903,086	BBB - AA

**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, 2024, 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	\$ 1,656,466	\$ -	\$ 1,656,466
Local services tax	225	-	225
Real estate taxes	88,531	-	88,531
Other receivables	176,000	-	176,000
Sewer and refuse charges	-	376,896	376,896
	<u>\$ 1,921,222</u>	<u>\$ 376,896</u>	<u>\$ 2,298,118</u>

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**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, 2024, were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	37,761	26,946	64,707
2030 to 2034	260,661	115,947	376,608
2035 to 2039	371,465	68,340	439,805
2040 to 2042	<u>228,324</u>	<u>13,176</u>	<u>241,500</u>
	<u>\$ 1,376,125</u>	<u>\$ 366,953</u>	<u>\$ 1,743,078</u>

For the year ended December 31, 2024, the Township recognized \$142,138 of lease revenue and \$44,774 of interest revenue under the leases.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivable and payable balances as of December 31, 2024, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Municipal Authority	Sewer Revenue Fund	\$ <u>5,515,000</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, 2024, are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Sewer Fund</u>	<u>Sewer Capital Reserve Fund</u>	<u>Municipal Authority</u>	
General Fund	\$ -	\$ 619,977	\$ -	\$ -	\$ -	\$ 619,977
Liquid Fuels Fund	112,891	-	-	-	-	112,891
Municipal Authority	-	-	1,363,385	-	-	1,363,385
Sewer Capital Reserve Fund	-	-	-	-	558,134	558,134
Sewer Fund	-	-	-	420,000	174,105	594,105
	<u>\$ 112,891</u>	<u>\$ 619,977</u>	<u>\$ 1,363,385</u>	<u>\$ 420,000</u>	<u>\$ 732,239</u>	<u>\$ 3,248,492</u>

The General Fund makes interfund transfers to the Capital Reserve 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 and Sewer Capital Reserve Fund make transfers to the Municipal Authority as funds become available for purchases of capital assets and to satisfy debt service payments. The Liquid Fuels Fund makes transfers to the General Fund for future expenses.

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE F - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Historical treasures	\$ 24,267	\$ -	\$ -	\$ 24,267
Construction in progress	614,756	213,956	(614,756)	213,956
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	639,023	213,956	(614,756)	238,223
Capital assets being depreciated and amortized				
Infrastructure	11,375,441	1,843,353	-	13,218,794
Vehicles	1,963,217	210,220	(187,868)	1,985,569
Buildings and improvements	11,000,650	15,303	(33,208)	10,982,745
Software	151,000	2,500	-	153,500
Machinery, equipment and furniture	3,518,572	635,135	(191,409)	3,962,298
TOTAL CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED	28,008,880	2,706,511	(412,485)	30,302,906
Accumulated depreciation and amortization				
Infrastructure	(1,469,254)	(648,908)	-	(2,118,162)
Vehicles	(1,651,021)	(72,556)	187,868	(1,535,709)
Buildings and improvements	(5,693,793)	(383,543)	33,208	(6,044,128)
Software	(50,333)	(50,333)	-	(100,666)
Machinery, equipment and furniture	(1,526,102)	(276,177)	191,409	(1,610,870)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(10,390,503)	(1,431,517)	412,485	(11,409,535)
TOTAL CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED, net	17,618,377	1,274,994	-	18,893,371
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	18,257,400	1,488,950	(614,756)	19,131,594
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	792,987	-	(510,225)	282,762
Capital assets being depreciated				
Sewer treatment plant and improvements	18,098,128	1,104,118	(6,828)	19,195,418
Accumulated depreciation	(5,497,623)	(540,031)	6,828	(6,030,826)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	12,600,505	564,087	-	13,164,592
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	13,393,492	564,087	(510,225)	13,447,354
<b>CAPITAL ASSETS, net</b>	<b>\$ 31,650,892</b>	<b>\$ 2,053,037</b>	<b>\$ (1,124,981)</b>	<b>\$ 32,578,948</b>

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE F - CAPITAL ASSETS (Continued)**

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

General government	\$ 280,924
Public safety	693,716
Public works, sanitation	267,744
Public works, highway	75,722
Culture and recreation	113,110
Conservation and development	<u>301</u>
	<u><u>\$ 1,431,517</u></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>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes					
Series of 2017	\$ 5,280,000	\$ -	\$ (320,000)	\$ 4,960,000	\$ 330,000
TOTAL BONDS AND NOTES	5,280,000	-	(320,000)	4,960,000	330,000
Unamortized bond premium	28,522	-	(2,094)	26,428	2,094
Net pension liability	137,240	-	(137,240)	-	-
Compensated absences	<u>501,888</u>	<u>-</u>	<u>(128,816)</u>	<u>373,072</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,947,650</u>	<u>-</u>	<u>(588,150)</u>	<u>5,359,500</u>	<u>332,094</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and notes					
Series of 2008	4,632,000	-	(438,000)	4,194,000	455,000
Series of 2013	1,446,000	-	(125,000)	1,321,000	129,000
Series of 2017	<u>2,210,000</u>	<u>-</u>	<u>(135,000)</u>	<u>2,075,000</u>	<u>135,000</u>
TOTAL BONDS AND NOTES	8,288,000	-	(698,000)	7,590,000	719,000
Unamortized bond premium	<u>15,255</u>	<u>-</u>	<u>(1,120)</u>	<u>14,135</u>	<u>1,120</u>
TOTAL BUSINESS- TYPE ACTIVITIES	<u>8,303,255</u>	<u>-</u>	<u>(699,120)</u>	<u>7,604,135</u>	<u>720,120</u>
 TOTAL LONG-TERM LIABILITIES	<u><u>\$ 14,250,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,287,270)</u></u>	<u><u>\$ 12,963,635</u></u>	<u><u>\$ 1,052,214</u></u>

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**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

\$ 4,194,000

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

1,321,000

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%

2,075,000

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%

4,960,000

\$ 12,550,000

**EAST GOSHEN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**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, 2024, was \$418,479. Interest costs incurred for the year ended December 31, 2024, were \$141,400 in the General Fund. Total interest expense charged to the Sewer Fund was \$277,079.

**Debt Service Requirements**

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	1,184,000	258,290	1,442,290
2030 to 2034	5,113,000	679,157	5,792,157
2035 to 2037	<u>1,860,000</u>	<u>85,700</u>	<u>1,945,700</u>
	<u>\$ 12,550,000</u>	<u>\$ 2,402,127</u>	<u>\$ 14,952,127</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, 2024**

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**NOTE G - GENERAL LONG-TERM DEBT (Continued)**

At December 31, 2024, the market value of the Township's interest rate swap agreements for fixed rate loans was \$39,080 and \$82,498 for the DVRFA bonds. As of December 31, 2024, the DVRFA would have received a payment of nearly \$93.9 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, 2024.

**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, 2024, 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, 2024

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**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 2024.

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**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, 2024, 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, 2024, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 11.57%. 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, 2024

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**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, 2024, were as follows:

Total pension liability	\$ 3,575,826
Plan fiduciary net position	<u>3,659,792</u>
NET PENSION LIABILITY(ASSET)	<u>\$ (83,966)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.3%</u>

**Actuarial Assumptions** - The total pension liability(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	5.00%
Investment rate of return	6.75%

Mortality rates were based on the PUBS-2010 Mortality Tables.

**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, 2024

**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(Asset) (a) - (b)
BALANCE AT DECEMBER 31, 2023	\$ 3,263,568	\$ 3,126,328	\$ 137,240
Changes for the year			
Service cost	167,099	-	167,099
Interest	217,838	-	217,838
Differences between expected and actual experience	-	-	-
Contributions			
Employer & State Aid	-	196,623	(196,623)
Member	-	49,378	(49,378)
Net investment income (loss)	-	365,742	(365,742)
Benefit payments	(72,679)	(72,679)	-
Administrative expense	-	(5,600)	5,600
BALANCE AT DECEMBER 31, 2024	\$ <u>3,575,826</u>	\$ <u>3,659,792</u>	\$ <u>(83,966)</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%)
Net pension (asset) liability	\$ <u>399,564</u>	\$ <u>(83,966)</u>	\$ <u>(485,844)</u>

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2024, the municipality recognized a pension expense of \$98,963. At December 31, 2024, 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
Differences between expected and actual experience	\$ -	\$ 112,342
Changes in assumptions	82,095	-
Net difference between projected and actual earnings on pension plan investments	-	44,141
	\$ <u>82,095</u>	\$ <u>156,483</u>

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**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>	
2025	\$ 8,600
2026	40,575
2027	(85,234)
2028	(34,399)
2029	(3,916)
Thereafter	<u>(14)</u>
	\$ <u><u>(74,388)</u></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 December 31, 2024:

Inactive plan members currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	<u>-</u>
TOTAL MEMBERSHIP	<u><u>26</u></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, 2024

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**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 2024.

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**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, 2024, 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, 2024, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 11.79%. 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, 2024

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**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, 2024, were as follows:

Total pension liability	\$ 2,663,422
Plan fiduciary net position	<u>3,719,095</u>
NET PENSION ASSET	<u>\$ (1,055,673)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>139.6%</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 Tables projected to 2026 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, 2024

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**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)
BALANCE AT DECEMBER 31, 2023	\$ 2,596,509	\$ 3,431,962	\$ (835,453)
Changes for the year			
Interest	171,727	-	171,727
Differences between expected and actual experience	-	-	-
Net investment income (loss)	-	398,147	(398,147)
Benefit payments	(104,814)	(104,814)	-
Administrative expense	-	(6,200)	6,200
BALANCE AT DECEMBER 31, 2024	<u>\$ 2,663,422</u>	<u>\$ 3,719,095</u>	<u>\$ (1,055,673)</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%)
Net pension (asset) liability	<u>\$ (775,226)</u>	<u>\$ (1,055,673)</u>	<u>\$ (1,293,854)</u>

**EAST GOSHEN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**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, 2024, the Township recognized pension income of \$64,623. At December 31, 2024, 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	\$ -	\$ 35,340
Changes in assumptions	31,530	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>7,423</u>
	<u>\$ 31,530</u>	<u>\$ 42,763</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>	
2025	\$ 37,480
2026	77,103
2027	(91,772)
2028	<u>(34,044)</u>
	<u>\$ (11,233)</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 2024, 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, 2024**

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#### **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 2024, the Township's share of these costs was \$5,090,823.

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.

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.

#### **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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# EAST GOSHEN TOWNSHIP

## BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)

### GENERAL FUND

YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
TOTAL RESOURCES (INFLOWS)				
Taxes				
Real estate	\$ 2,850,000	\$ 2,850,000	\$ 2,840,826	\$ (9,174)
Real estate transfer	720,000	720,000	917,285	197,285
Local services tax	350,000	350,000	351,954	1,954
Earned income	5,750,000	5,750,000	6,082,572	332,572
Fees, licenses and permits	403,400	403,400	395,987	(7,413)
Fines and forfeits	45,500	45,500	119,045	73,545
Intergovernmental	484,376	484,376	500,386	16,010
Charges for services	766,862	766,862	802,346	35,484
Interest and rents	527,901	527,901	581,491	53,590
Miscellaneous	109,556	109,556	225,590	116,034
Transfers	1,726,000	1,726,000	1,259,027	(466,973)
AMOUNT AVAILABLE FOR				
APPROPRIATION	13,733,595	13,733,595	14,076,509	342,914
CHANGES TO APPROPRIATIONS (OUTFLOWS)				
Current				
General government	1,858,123	1,858,123	1,991,268	(133,145)
Public safety	6,811,804	6,811,804	7,131,512	(319,708)
Public works				
Sanitation	225,811	225,811	223,000	2,811
Highways and streets	2,327,879	2,327,879	1,947,448	380,431
Culture and recreation	992,507	992,507	952,872	39,635
Conservation and development	3,600	3,600	5,438	(1,838)
Debt service				
Principal	320,000	320,000	320,000	-
Interest and other charges	141,400	141,400	141,400	-
Insurance premiums	499,944	499,944	505,065	(5,121)
Employee benefits	111,150	111,150	104,097	7,053
Transfers	359,950	359,950	619,977	(260,027)
TOTAL CHANGES TO				
APPROPRIATIONS (OUTFLOWS)	13,652,168	13,652,168	13,942,077	(289,909)
EXCESS OF RESOURCES				
(INFLOWS) OVER CHANGES TO				
APPROPRIATIONS (OUTFLOWS)	\$ 81,427	\$ 81,427	\$ 134,432	\$ 53,005

# **EAST GOSHEN TOWNSHIP**

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

### **GENERAL FUND**

**YEAR ENDED DECEMBER 31, 2024**

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#### **Explanation of Differences Between Budgetary and GAAP Changes in Fund Balance**

Excess of resources (inflows) over changes to appropriations (outflows) from the budgetary comparison schedule	\$ 134,432
Differences - budget to GAAP	
Net effect of change in accruals of revenues	
Real estate transfer tax	22,175
Local services tax	(24)
Earned income tax	15,422
Interest and rents	25,787
Miscellaneous	(21,745)
Net effect of change in accruals of expenditures	
General government	1,435
Public safety	499,215
Public works	
Sanitation	(70)
Highways and streets	(17,967)
Culture and recreation	(4,299)
Insurance	32,866
Employee benefits	(122)
	<hr/>
CHANGE IN FUND BALANCE AS REPORTED ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS	\$ <u><u>687,105</u></u>

*See accompanying note to the budgetary comparison schedule.*

## **EAST GOSHEN TOWNSHIP**

### **NOTE TO THE BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED DECEMBER 31, 2024**

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#### **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.

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# EAST GOSHEN TOWNSHIP

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

	2024	2023	2022
TOTAL PENSION LIABILITY			
Service cost	\$ 167,099	\$ 159,142	\$ 165,033
Interest	217,838	198,596	186,259
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(95,841)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(72,679)	(72,679)	(72,679)
NET CHANGE IN TOTAL PENSION LIABILITY	312,258	189,218	278,613
Total pension liability, beginning	3,263,568	3,074,350	2,795,737
TOTAL PENSION LIABILITY, ENDING (a)	\$ 3,575,826	\$ 3,263,568	\$ 3,074,350
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 196,623	\$ 182,879	\$ 169,319
Member	49,378	46,786	43,728
Net investment income(loss)	365,742	428,422	(451,730)
Benefit payments, including refunds of member contributions	(72,679)	(72,679)	(72,679)
Administrative expense	(5,600)	(9,500)	(6,750)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	533,464	575,908	(318,112)
Plan fiduciary net position, beginning	3,126,328	2,550,420	2,868,532
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 3,659,792	\$ 3,126,328	\$ 2,550,420
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	\$ (83,966)	\$ 137,240	\$ 523,930
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	102.3%	95.8%	83.0%
COVERED PAYROLL	\$ 1,200,000	\$ 1,082,028	\$ 1,000,000
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-7.0%	12.7%	52.4%

	2021	2020	2019	2018	2017	2016	2015
\$	147,236	\$ 126,211	\$ 120,201	\$ 57,597	\$ 54,854	\$ 52,558	\$ 50,055
	178,841	160,051	144,402	99,945	90,803	83,697	75,948
	-	-	483,083	-	-	-	-
	(12,036)	-	(39,536)	-	(22,361)	-	(79,060)
	127,799	-	-	-	3,143	-	20,953
	<u>(65,214)</u>	<u>(54,763)</u>	<u>(39,365)</u>	<u>(17,807)</u>	<u>(17,807)</u>	<u>(17,807)</u>	<u>(17,807)</u>
	376,626	231,499	668,785	139,735	108,632	118,448	50,089
	<u>2,419,111</u>	<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><u>2,795,737</u></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>
\$	163,611	\$ 174,287	\$ 163,434	\$ 74,136	\$ 72,764	\$ 79,410	\$ 63,013
	41,260	39,701	35,013	16,478	12,697	11,281	10,858
	308,221	326,109	314,826	(100,700)	197,512	72,041	(23,145)
	(65,214)	(54,763)	(39,365)	(17,807)	(17,807)	(17,807)	(17,807)
	<u>(8,000)</u>	<u>(4,500)</u>	<u>(7,900)</u>	<u>(4,200)</u>	<u>(7,500)</u>	<u>(4,300)</u>	<u>(6,600)</u>
	439,878	480,834	466,008	(32,093)	257,666	140,625	26,319
	<u>2,428,654</u>	<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><u>2,868,532</u></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>(72,795)</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>102.6%</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><u>985,588</u></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>-7.4%</u></u>	<u><u>-0.9%</u></u>	<u><u>24.9%</u></u>	<u><u>5.6%</u></u>	<u><u>-19.3%</u></u>	<u><u>2.5%</u></u>	<u><u>6.5%</u></u>

# EAST GOSHEN TOWNSHIP

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 168,824	\$ 132,074	\$ 124,083
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>196,623</u>	<u>182,879</u>	<u>169,319</u>
CONTRIBUTION EXCESS	<u>\$ (27,799)</u>	<u>\$ (50,805)</u>	<u>\$ (45,236)</u>
COVERED PAYROLL	<u>\$ 1,200,000</u>	<u>\$ 1,082,028</u>	<u>\$ 1,000,000</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>16.39%</u>	<u>16.90%</u>	<u>16.93%</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 Tables

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 152,611	\$ 161,056	\$ 92,980	\$ 65,465	\$ 59,720	\$ 48,617	\$ 53,364
<u>163,611</u>	<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>(11,000)</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>985,588</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>16.60%</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>

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

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	<u>2024</u>	<u>2023</u>	<u>2022</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>11.57%</u>	<u>16.67%</u>	<u>-15.64%</u>

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u><u>12.63%</u></u>	<u><u>16.04%</u></u>	<u><u>20.59%</u></u>	<u><u>-6.68%</u></u>	<u><u>15.67%</u></u>	<u><u>6.46%</u></u>	<u><u>-2.16%</u></u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
TOTAL PENSION LIABILITY			
Interest	\$ 171,727	\$ 168,059	\$ 165,435
Differences between expected and actual experience	-	(16,078)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(104,814)</u>	<u>(122,616)</u>	<u>(98,372)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	66,913	29,365	67,063
Total pension liability, beginning	<u>2,596,509</u>	<u>2,567,144</u>	<u>2,500,081</u>
 TOTAL PENSION LIABILITY, ENDING (a)	 <u>\$ 2,663,422</u>	 <u>\$ 2,596,509</u>	 <u>\$ 2,567,144</u>
 PLAN FIDUCIARY NET POSITION			
Net investment income	\$ 398,147	\$ 491,612	\$ (605,401)
Benefit payments, including refunds of member contributions	(104,814)	(122,616)	(98,372)
Administrative expense	<u>(6,200)</u>	<u>(10,900)</u>	<u>(4,400)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	287,133	358,096	(708,173)
Plan fiduciary net position, beginning	<u>3,431,962</u>	<u>3,073,866</u>	<u>3,782,039</u>
 PLAN FIDUCIARY NET POSITION, ENDING (b)	 <u>\$ 3,719,095</u>	 <u>\$ 3,431,962</u>	 <u>\$ 3,073,866</u>
 NET PENSION ASSET, ENDING (a)-(b)	 <u>\$ (1,055,673)</u>	 <u>\$ (835,453)</u>	 <u>\$ (506,722)</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	 <u>139.6%</u>	 <u>132.2%</u>	 <u>119.7%</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 161,423	\$ 159,900	\$ 151,560	\$ 162,956	\$ 164,144	\$ 155,548	\$ 151,866
(149,854)	-	(138,861)	-	(22,325)	-	(30,794)
167,150	-	-	-	7,114	-	323,943
<u>(105,601)</u>	<u>(34,452)</u>	<u>(30,374)</u>	<u>(343,412)</u>	<u>(18,829)</u>	<u>(16,253)</u>	<u>(182,254)</u>
73,118	125,448	(17,675)	(180,456)	130,104	139,295	262,761
<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>
<u>\$ 2,500,081</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>
\$ 434,561	\$ 453,065	\$ 521,788	\$ (175,777)	\$ 431,723	\$ 187,198	\$ (25,974)
(105,601)	(34,452)	(30,374)	(343,412)	(18,829)	(16,253)	(182,254)
<u>(9,400)</u>	<u>(5,400)</u>	<u>(9,300)</u>	<u>(4,800)</u>	<u>(8,850)</u>	<u>(4,850)</u>	<u>(7,975)</u>
319,560	413,213	482,114	(523,989)	404,044	166,095	(216,203)
<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>2,737,205</u>
<u>\$ 3,782,039</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>\$ (1,281,958)</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>151.3%</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>\$ 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

	2024	2023	2022
ACTUARIALLY DETERMINED CONTRIBUTION	\$ -	\$ -	\$ -
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	\$ -	\$ -	\$ -
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -
COVERED-EMPLOYEE PAYROLL	\$ -	\$ -	\$ -
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A

**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 Tables projected to 2026 using scale MP-2020

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</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

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	<u>2024</u>	<u>2023</u>	<u>2022</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>11.79%</u>	<u>16.40%</u>	<u>-16.17%</u>

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>12.83%</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>

## **SUPPLEMENTARY INFORMATION**

**EAST GOSHEN TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	State Liquid Fuels Highway Aid Fund	Road Improvements Fund	Infrastructure Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,220	\$ 520,473	\$ 1,393,687	\$ 1,915,380
Other receivables	-	-	176,000	176,000
<b>TOTAL ASSETS</b>	<b>\$ 1,220</b>	<b>\$ 520,473</b>	<b>\$ 1,569,687</b>	<b>\$ 2,091,380</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 472	\$ 472
<b>FUND BALANCES</b>				
Restricted for				
Road improvements	\$ -	\$ 520,473	\$ -	\$ 520,473
Infrastructure projects	-	-	1,569,215	1,569,215
Other projects	1,220	-	-	1,220
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,220</b>	<b>\$ 520,473</b>	<b>\$ 1,569,215</b>	<b>\$ 2,090,908</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,220</b>	<b>\$ 520,473</b>	<b>\$ 1,569,687</b>	<b>\$ 2,091,380</b>

*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, 2024**

	State Liquid Fuels Highway Aid Fund	Road Improvements Fund	Infrastructure Fund	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 527,577	\$ -	\$ 176,000	\$ 703,577
Investment earnings	22,253	26,647	79,094	127,994
TOTAL REVENUES	<u>549,830</u>	<u>26,647</u>	<u>255,094</u>	<u>831,571</u>
EXPENDITURES				
Current				
Highways and streets	436,776	-	-	436,776
Capital outlay	-	-	451,640	451,640
TOTAL EXPENDITURES	<u>436,776</u>	<u>-</u>	<u>451,640</u>	<u>888,416</u>
SURPLUS(DEFICIT) OF REVENUES OVER EXPENDITURES	<u>113,054</u>	<u>26,647</u>	<u>(196,546)</u>	<u>(56,845)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(112,891)</u>	<u>-</u>	<u>-</u>	<u>(112,891)</u>
NET CHANGE IN FUND BALANCES	163	26,647	(196,546)	(169,736)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,057</u>	<u>493,826</u>	<u>1,765,761</u>	<u>2,260,644</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,220</u>	<u>\$ 520,473</u>	<u>\$ 1,569,215</u>	<u>\$ 2,090,908</u>

See accompanying notes to the basic financial statements.