



WEST VINCENT TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2016

WEST VINCENT TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

May 11, 2017

Board of Supervisors
West Vincent Township
Chester Springs, Pennsylvania

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Vincent Township ("the Township"), Chester Springs, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Supervisors
West Vincent Township

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Vincent Township, Chester Springs, Pennsylvania, as of December 31, 2016, and the respective changes in cash basis financial position thereof, and the respective cash basis budgetary comparisons for the General Fund for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

WEST VINCENT TOWNSHIP
STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	<u>\$ 3,833,615</u>	<u>\$ 1,543,503</u>	<u>\$ 5,377,118</u>
TOTAL ASSETS	<u><u>\$ 3,833,615</u></u>	<u><u>\$ 1,543,503</u></u>	<u><u>\$ 5,377,118</u></u>
LIABILITIES AND NET POSITION			
LIABILITIES			
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Restricted	2,053,076	-	2,053,076
Unrestricted	1,780,539	1,543,503	3,324,042
TOTAL NET POSITION	<u><u>3,833,615</u></u>	<u><u>1,543,503</u></u>	<u><u>5,377,118</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,833,615</u></u>	<u><u>\$ 1,543,503</u></u>	<u><u>\$ 5,377,118</u></u>

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

**WEST VINCENT TOWNSHIP
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
	Expenses			Total
GOVERNMENTAL ACTIVITIES				
General government	\$ 934,176	\$ 194,711	\$ (491,391)	\$ (491,391)
Public safety	1,673,916	-	(1,169,906)	(1,169,906)
Public works	517,076	226,423	(290,653)	(290,653)
Culture and recreation	61,243	-	(35,235)	(35,235)
Community development	21,511	-	(21,511)	(21,511)
Debt service	778,105	-	(778,105)	(778,105)
TOTAL GOVERNMENTAL ACTIVITIES	3,986,027	421,134	(2,786,801)	(2,786,801)
BUSINESS-TYPE ACTIVITIES				
Sewer operations	405,367	-	-	174,516
TOTAL BUSINESS-TYPE ACTIVITIES	405,367	-	-	174,516
TOTAL PRIMARY GOVERNMENT	\$ 4,391,394	\$ 421,134	(2,786,801)	(2,612,285)
GENERAL REVENUES				
Taxes:				
Real estate taxes			1,070,607	1,070,607
Real estate transfer taxes			411,747	411,747
Earned income taxes			2,258,928	2,258,928
Interest, rents, and royalties			15,714	17,043
Licenses and permits			75,775	75,775
Fines and forfeits			9,807	9,807
Proceeds from fixed asset disposition			17,609	17,609
Proceeds from the issuance of refunding bonds			5,825,000	5,825,000
Premium on the issuance of refunding bonds			136,372	136,372
Payment to refunded bond escrow agent			(5,795,000)	(5,795,000)
Transfers (out) in			(31,000)	-
Miscellaneous			7,542	7,542
TOTAL GENERAL REVENUES			4,003,101	4,035,430
CHANGE IN NET POSITION			1,216,300	1,423,145
NET POSITION, BEGINNING OF YEAR			2,617,315	3,953,973
NET POSITION, END OF YEAR			\$ 3,833,615	\$ 5,377,118

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

**WEST VINCENT TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2016**

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Open Space Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,780,539	\$ 233,830	\$ 1,819,246	\$ 3,833,615
TOTAL ASSETS	<u>\$ 1,780,539</u>	<u>\$ 233,830</u>	<u>\$ 1,819,246</u>	<u>\$ 3,833,615</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for:				
Highways and streets	-	233,830	-	233,830
Open space	-	-	1,819,246	1,819,246
Unassigned	1,780,539	-	-	1,780,539
TOTAL FUND BALANCES	<u>1,780,539</u>	<u>233,830</u>	<u>1,819,246</u>	<u>3,833,615</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,780,539</u>	<u>\$ 233,830</u>	<u>\$ 1,819,246</u>	<u>\$ 3,833,615</u>

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

**WEST VINCENT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Liquid Fuels Fund	Open Space Fund	Total
REVENUES				
Taxes				
Real estate tax	\$ 1,070,607	-	-	\$ 1,070,607
Transfer tax	411,747	-	-	411,747
Earned income tax	1,515,957	-	742,971	2,258,928
Licenses and permits	75,775	-	-	75,775
Fines and forfeits	9,807	-	-	9,807
Interest, rents, and royalties	8,438	745	6,531	15,714
Intergovernmental revenues	193,447	226,423	-	419,870
Charges for services	778,092	-	-	778,092
Contributions	1,264	-	-	1,264
Miscellaneous revenue/other	7,542	-	-	7,542
TOTAL REVENUES	4,072,676	227,168	749,502	5,049,346
EXPENDITURES				
Current:				
General government	934,176	-	-	934,176
Public safety	1,673,916	-	-	1,673,916
Public works - highways and streets	514,980	2,096	-	517,076
Culture and recreation	61,243	-	-	61,243
Community development	21,511	-	-	21,511
Debt service:				
Principal	592,598	-	-	592,598
Interest	185,507	-	-	185,507
TOTAL EXPENDITURES	3,983,931	2,096	-	3,986,027
EXCESS OF REVENUES OVER EXPENDITURES	88,745	225,072	749,502	1,063,319
OTHER FINANCING SOURCES (USES)				
Proceeds from fixed asset disposition	17,609	-	-	17,609
Proceeds from the issuance of refunding bonds	5,825,000	-	-	5,825,000
Premium on the issuance of refunding bonds	136,372	-	-	136,372
Payment to refunded bond escrow agent	(5,795,000)	-	-	(5,795,000)
Transfers in	586,945	-	-	586,945
Transfers out	(31,000)	-	(586,945)	(617,945)
TOTAL OTHER FINANCING SOURCES (USES)	739,926	-	(586,945)	152,981
NET CHANGE IN FUND BALANCES	828,671	225,072	162,557	1,216,300
FUND BALANCES, BEGINNING OF YEAR	951,868	8,758	1,656,689	2,617,315
FUND BALANCES, END OF YEAR	\$ 1,780,539	\$ 233,830	\$ 1,819,246	\$ 3,833,615

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

WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Real estate tax	\$ 1,075,000	\$ 1,070,607	\$ (4,393)
Transfer tax	350,000	411,747	61,747
Earned income tax	1,580,000	1,515,957	(64,043)
Licenses and permits	81,000	75,775	(5,225)
Fines and forfeits	11,000	9,807	(1,193)
Interest, rents, and royalties	5,700	8,438	2,738
Intergovernmental revenues	136,600	193,447	56,847
Charges for services	397,850	778,092	380,242
Contributions	5,000	1,264	(3,736)
Miscellaneous revenue/other	6,000	7,542	1,542
TOTAL REVENUES	<u>3,648,150</u>	<u>4,072,676</u>	<u>424,526</u>
EXPENDITURES			
Current:			
General government	676,047	934,176	(258,129)
Public safety	1,710,290	1,673,916	36,374
Public works - highways and streets	962,650	514,980	447,670
Culture and recreation	69,250	61,243	8,007
Community development	43,900	21,511	22,389
Debt service:			
Principal	125,000	592,598	(467,598)
Interest	47,525	185,507	(137,982)
TOTAL EXPENDITURES	<u>3,634,662</u>	<u>3,983,931</u>	<u>(349,269)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,488</u>	<u>88,745</u>	<u>75,257</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of fixed asset disposition	-	17,609	17,609
Proceeds of refunded bonds	-	5,825,000	5,825,000
Premium on the issuance of refunding bonds	-	136,372	136,372
Payment to refunded bond escrow agent	-	(5,795,000)	(5,795,000)
Transfers in	586,945	586,945	-
Transfers out	(10,998)	(31,000)	(20,002)
TOTAL OTHER FINANCING SOURCES	<u>575,947</u>	<u>739,926</u>	<u>163,979</u>
NET CHANGE IN FUND BALANCE	589,435	828,671	239,236
FUND BALANCE, BEGINNING OF YEAR	<u>951,868</u>	<u>951,868</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,541,303</u>	<u>\$ 1,780,539</u>	<u>\$ 239,236</u>

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

WEST VINCENT TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUND - CASH BASIS
DECEMBER 31, 2016

	Sewer Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,543,503
TOTAL ASSETS	\$ 1,543,503
LIABILITIES	
Current Liabilities	
Liabilities	\$ -
NET POSITION	
Net position - unrestricted	1,543,503
TOTAL LIABILITIES AND NET POSITION	\$ 1,543,503

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

WEST VINCENT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 579,883
TOTAL OPERATING REVENUES	<u>579,883</u>
OPERATING EXPENSES	
Wastewater collection and treatment	378,670
Water system	26,697
TOTAL OPERATING EXPENSES	<u>405,367</u>
OPERATING INCOME	174,516
NONOPERATING REVENUES	
Interest income	1,329
TOTAL NONOPERATING REVENUES	<u>1,329</u>
INCOME BEFORE TRANSFERS	175,845
Transfers in	31,000
CHANGE IN NET POSITION	206,845
NET POSITION, BEGINNING OF YEAR	<u>1,336,658</u>
NET POSITION, END OF YEAR	<u>\$ 1,543,503</u>

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

WEST VINCENT TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUND - CASH BASIS
DECEMBER 31, 2016

	Escrow Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 253,530
TOTAL ASSETS	\$ 253,530
LIABILITIES	
Current Liabilities:	
Due to Others	\$ 253,530
NET POSITION	
Net position - unrestricted	-
TOTAL LIABILITIES AND NET POSITION	\$ 253,530

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

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

West Vincent Township ("the Township") is a municipal corporation existing and operating under the Township Code of the Commonwealth of Pennsylvania. The Township provides general government, public safety, highway and street, culture and recreation, community development, and some limited utility services (water and sewer) to the residents of the Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - cash basis and the statement of activities - cash basis) report information on all of the non-fiduciary activities of the Township.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, fiduciary funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position - cash basis and the statement of activities - cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate:

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet - cash basis. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position - cash basis, statement of activities - cash basis, and the fund financial statements - cash basis, governmental and business-type activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions in the government-wide statements. Additionally, long-term assets and liabilities, including capital assets and debt, are excluded from the statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable, capital assets, and revenue for billed or provided services not yet collected), and certain liabilities and their related expenses (such as accounts payable, debt and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Financial Statement Presentation

The Township reports the following governmental funds:

- The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *State Liquid Fuels Highway Aid Fund (Liquid Fuels Fund)* is a special revenue fund used to account for highway-related projects in the Township. The primary revenue stream is grant revenue.
- The *Open Space Fund* is a special revenue fund used to acquire land for recreational purposes and preserve natural areas.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

The Township reports the following proprietary fund:

- The *Sewer Fund* accounts for some limited utility services (water and sewer) provided to residents.

The Township reports the following fiduciary fund:

- The *Fiduciary Fund* is a trust and agency fund used to hold escrow accounts for those transacting business within the Township.

Assets, Liabilities, and Net Position or Equity

Deposits

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

State law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

Property Taxes

Property taxes are levied as of January 1 on property values assessed as of the same date.

Taxes and fees are billed February 1 and payable under the following terms: a two percent discount February 1 through March 31; face amount April 1 through May 31; and a 10 percent penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Long-term Obligations

Long-term debt and other long-term obligations are expensed as paid under the cash basis of accounting. Any issuance premiums or discounts, as well as issuance costs, are recorded as other financing sources and uses at the time of issuance.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Net Position

In the government-wide financial statements, net position can be classified in the following categories:

- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the entity, not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- Non-spendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned Fund Balance – includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Township Board of Supervisors or (b) a body (a budget, finance committee, or Township Manager and Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

- Unrestricted Fund Balance – this residual classification is used for any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Budgetary Information

Annual budgets are adopted on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles for all funds except the capital projects funds. All appropriations lapse at year end unless the Board of Supervisors approves a carry-over of an unused budget line item.

Beginning at least 30 days prior to the adoption of the budget, a proposed budget is prepared in a manner designated by the Board of Supervisors. Notice that the proposed budget is available for inspection is published by the Township Secretary in a newspaper of general circulation. The budget is then made available for a 10-day period. The Supervisors must adopt the budget through a motion by December 31. It is also the duty of Supervisors to adopt an ordinance levying taxes as allowed by Township Code. All budget revisions require the approval of the Board of Supervisors.

NOTE 2 CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit excluding the pension funds. At December 31, 2016, the carrying amount of the Township's deposits was \$5,630,648, and the bank balance was \$5,649,942, the difference being outstanding checks. Of the bank balance, \$532,534 was covered by federal depository insurance, and \$4,853,293 was collateralized by pooled securities in accordance with Act 72. The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured and the collateral held by the depository's agent was not in the Township's name.

WEST VINCENT TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 2 CASH AND CASH EQUIVALENTS (cont'd)

The remaining \$264,115 of the Township's deposits were in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization (Standard & Poor's rating of AAAM as of December 31, 2016), and is subject to an independent annual audit.

NOTE 3 INTERFUND TRANSFERS

Transfers Out		Transfers In	
General fund	\$ 31,000	General fund	\$ 586,945
Open space fund	<u>586,945</u>	Sewer fund	<u>31,000</u>
Total	<u>\$ 617,945</u>	Total	<u>\$ 617,945</u>

The transfer from the Open Space fund to the General fund was used to repay the general obligation debt used to purchase open space. The transfer from the General fund to the Sewer fund was used to pay for operating expenditures.

NOTE 4 CAPITAL LEASE

In April 2013, the Township entered into a lease that qualified as a capital lease. The lease was for the purchase of a tractor with loader and a boom mower. The total of the equipment purchased was \$85,668. The lease calls for five annual installment payments of \$18,635, including interest at 4.3 percent.

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2016 were as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2017	\$ 18,635
2018	<u>1</u>
Total minimum lease payments	18,636
Less: amount representing interest	<u>(265)</u>
Present value of minimum lease payments	<u>\$ 18,371</u>

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 LONG-TERM DEBT

During 2012, the Township issued \$8,965,000 of General Obligation Bonds dated April 17, 2012 (“the 2012 General Obligation Bonds”) for the purpose of redeeming the outstanding 2006 General Obligation Bonds and for the use of acquisition of land for open space purposes, active or passive recreation, purchase of land for sewage disposal purposes, and for road repairs and related projects including bike lanes and sidewalks in the Township. The bonds were set to mature in December 2031 with interest ranging from 0.5 percent to 3.4 percent due in semi-annual installments in June and December. As noted below, during the year these bonds were partially refunded, and the remaining outstanding bonds mature through December 2018 with interest ranging from 1.3 percent to 1.6 percent in semi-annual installments in June and December.

During 2016, the Township issued \$5,825,000 of General Obligation Bonds dated September 21, 2016 (“the 2016 General Obligation Bonds”) for the purpose of advance refunding \$5,795,000 of the outstanding 2012 General Obligation Bonds. The bonds will mature in December 2031 with interest ranging from 1.0 percent to 2.5 percent due in semi-annual installments in June and December. The advance refunding resulted in a cash flow savings of \$258,673 and an economic gain of \$217,964 for the Township.

The schedule of future principal maturities and annual interest at December 31, 2016 is as follows:

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Maturities
2017	\$ 565,000	\$ 179,802	\$ 744,802
2018	575,000	158,355	733,355
2019	515,000	149,115	664,115
2020	535,000	128,515	663,515
2021	545,000	112,465	657,465
2022 - 2026	2,290,000	349,225	2,639,225
2027 - 2031	1,930,000	140,555	2,070,555
	<u>\$ 6,955,000</u>	<u>\$ 1,218,032</u>	<u>\$ 8,173,032</u>

A schedule of changes in debt is as follows:

	Beginning Balance 1/1/16	Additions	Reductions	Ending Balance 12/31/16	Amounts Due Within One Year
Governmental Activities:					
Capital lease	\$ 35,969	\$ -	\$ 17,598	\$ 18,371	\$ 18,370
2012 General obligation bonds	7,500,000	-	6,370,000	1,130,000	565,000
2016 General obligation bonds	-	5,825,000	-	5,825,000	-
Total Governmental Activities	<u>\$ 7,535,969</u>	<u>\$ 5,825,000</u>	<u>\$,387,598</u>	<u>\$,973,371</u>	<u>\$ 583,370</u>

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 LONG-TERM DEBT (cont'd)

For the year ended December 31, 2016, interest paid for the governmental activities was \$185,507.

NOTE 6 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2016, the General Fund incurred expenditures in excess of appropriations in the following functions:

General government	\$	258,129
Debt service - principal	\$	467,598
Debt service - interest	\$	137,982

The excess expenditures were covered by revenues exceeding budgeted amounts, by other expenditure category appropriations which did not exceed their budgets, and by a budgeted transfer in from the Open Space Fund for debt service.

NOTE 7 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through May 11, 2017, the date the financial statements were available to be issued.