



## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**(See Independent Accountant's Compilation Report)**

WEST VINCENT TOWNSHIP

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INDEPENDENT ACCOUNTANT'S  
COMPILATION REPORT

May 23, 2016

To the Board of Supervisors  
West Vincent Township  
Chester Springs, Pennsylvania

Management is responsible for the accompanying financial statements 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 and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that pension trust funds and capital asset disclosures be included in the financial statements. Management has informed us that the financial statements do not include the pension trust funds or the capital asset disclosures. Management has not determined the effect of these departures on the financial statements.

*Required Supplemental Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

**WEST VINCENT TOWNSHIP**  
**STATEMENT OF NET POSITION - CASH BASIS**  
**DECEMBER 31, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	<u>\$ 2,618,216</u>	<u>\$ 1,336,658</u>	<u>\$ 3,954,874</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,618,216</u></u>	<u><u>\$ 1,336,658</u></u>	<u><u>\$ 3,954,874</u></u>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Customer deposit	<u>\$ 901</u>	<u>\$ -</u>	<u>\$ 901</u>
<b>TOTAL LIABILITIES</b>	<u>901</u>	<u>-</u>	<u>901</u>
<b>NET POSITION</b>			
Restricted	8,758	-	8,758
Unrestricted	<u>2,608,557</u>	<u>1,336,658</u>	<u>3,945,215</u>
<b>TOTAL NET POSITION</b>	<u><u>2,617,315</u></u>	<u><u>1,336,658</u></u>	<u><u>3,953,973</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 2,618,216</u></u>	<u><u>\$ 1,336,658</u></u>	<u><u>\$ 3,954,874</u></u>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 709,626	\$ 390,019	\$ 156,276	\$ (163,331)	\$ -	\$ (163,331)
Public safety	1,726,670	171,061	-	(1,555,609)	-	(1,555,609)
Public works	1,572,021	-	194,612	(1,377,409)	-	(1,377,409)
Culture and recreation	100,722	24,730	-	(75,992)	-	(75,992)
Community development	47,683	-	-	(47,683)	-	(47,683)
Debt service	775,105	-	-	(775,105)	-	(775,105)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>4,931,827</b>	<b>585,810</b>	<b>350,888</b>	<b>(3,995,129)</b>	<b>-</b>	<b>(3,995,129)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Sewer operations	366,828	642,148	-	-	275,320	275,320
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>366,828</b>	<b>642,148</b>	<b>-</b>	<b>-</b>	<b>275,320</b>	<b>275,320</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>5,298,655</b>	<b>1,227,958</b>	<b>350,888</b>	<b>(3,995,129)</b>	<b>275,320</b>	<b>(3,719,809)</b>
<b>GENERAL REVENUES</b>						
Taxes:						
Real estate taxes				1,055,644	-	1,055,644
Real estate transfer taxes				346,990	-	346,990
Earned income taxes				2,268,490	-	2,268,490
Interest, rents, and royalties				13,382	1,121	14,503
Licenses and permits				72,367	-	72,367
Fines and forfeits				12,224	-	12,224
Proceeds of fixed asset disposition				9,100	-	9,100
Transfers (out) in				(44,200)	44,200	-
Miscellaneous				1,796	-	1,796
<b>TOTAL GENERAL REVENUES</b>				<b>3,735,793</b>	<b>45,321</b>	<b>3,781,114</b>
<b>CHANGE IN NET POSITION</b>				<b>(259,336)</b>	<b>320,641</b>	<b>61,305</b>
<b>NET POSITION, BEGINNING OF YEAR</b>				<b>2,876,651</b>	<b>1,016,017</b>	<b>3,892,668</b>
<b>NET POSITION, END OF YEAR</b>				<b>\$ 2,617,315</b>	<b>\$ 1,336,658</b>	<b>\$ 3,953,973</b>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS  
DECEMBER 31, 2015**

	General Fund	Liquid Fuels	Open Space Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 950,521	\$ 11,006	\$ 1,656,689	\$ 2,618,216
Due from other funds	2,248	-	-	2,248
<b>TOTAL ASSETS</b>	<u>\$ 952,769</u>	<u>\$ 11,006</u>	<u>\$ 1,656,689</u>	<u>\$ 2,620,464</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 2,248	\$ -	\$ 2,248
Customer deposit	901	-	-	901
<b>TOTAL LIABILITIES</b>	<u>901</u>	<u>2,248</u>	<u>-</u>	<u>3,149</u>
<b>FUND BALANCES</b>				
Restricted for:				
Highways and streets	-	8,758	-	8,758
Open space	-	-	1,656,689	1,656,689
Unassigned	951,868	-	-	951,868
<b>TOTAL FUND BALANCES</b>	<u>951,868</u>	<u>8,758</u>	<u>1,656,689</u>	<u>2,617,315</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 952,769</u>	<u>\$ 11,006</u>	<u>\$ 1,656,689</u>	<u>\$ 2,620,464</u>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Liquid Fuels	Open Space Fund	Total
<b>REVENUES</b>				
Taxes				
Real estate tax	\$ 1,055,644	-	-	\$ 1,055,644
Transfer tax	346,990	-	-	346,990
Earned income tax	1,522,740	-	745,750	2,268,490
Licenses and permits	72,367	-	-	72,367
Fines and forfeits	12,224	-	-	12,224
Interest, rents, and royalties	6,298	88	6,996	13,382
Intergovernmental revenues	141,624	194,612	-	336,236
Charges for services	585,810	-	-	585,810
Contributions	14,652	-	-	14,652
Miscellaneous revenue/other	1,796	-	-	1,796
<b>TOTAL REVENUES</b>	<b>3,760,145</b>	<b>194,700</b>	<b>752,746</b>	<b>4,707,591</b>
<b>EXPENDITURES</b>				
Current:				
General government	709,626	-	-	709,626
Public safety	1,726,670	-	-	1,726,670
Public works - highways and streets	1,274,371	297,650	-	1,572,021
Culture and recreation	100,722	-	-	100,722
Community development	47,683	-	-	47,683
Debt service:				
Principal	566,859	-	-	566,859
Interest	208,246	-	-	208,246
<b>TOTAL EXPENDITURES</b>	<b>4,634,177</b>	<b>297,650</b>	<b>-</b>	<b>4,931,827</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(874,032)</b>	<b>(102,950)</b>	<b>752,746</b>	<b>(224,236)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of fixed asset disposition	9,100	-	-	9,100
Transfers in	584,145	-	-	584,145
Transfers out	(44,200)	-	(584,145)	(628,345)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>549,045</b>	<b>-</b>	<b>(584,145)</b>	<b>(35,100)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(324,987)</b>	<b>(102,950)</b>	<b>168,601</b>	<b>(259,336)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,276,855</b>	<b>111,708</b>	<b>1,488,088</b>	<b>2,876,651</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 951,868</b>	<b>\$ 8,758</b>	<b>\$ 1,656,689</b>	<b>\$ 2,617,315</b>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes:			
Real estate tax	\$ 1,045,000	\$ 1,055,644	\$ 10,644
Transfer tax	225,000	346,990	121,990
Earned income tax	1,550,000	1,522,740	(27,260)
Licenses and permits	75,000	72,367	(2,633)
Fines and forfeits	12,000	12,224	224
Interest, rents, and royalties	5,600	6,298	698
Intergovernmental revenues	121,400	141,624	20,224
Charges for services	393,100	585,810	192,710
Contributions	5,000	14,652	9,652
Miscellaneous revenue/other	2,000	1,796	(204)
<b>TOTAL REVENUES</b>	<u>3,434,100</u>	<u>3,760,145</u>	<u>326,045</u>
<b>EXPENDITURES</b>			
Current:			
General government	747,225	709,626	37,599
Public safety	1,542,150	1,726,670	(184,520)
Public works - highways and streets	849,200	1,274,371	(425,171)
Culture and recreation	75,100	100,722	(25,622)
Community development	823,100	47,683	775,417
Debt service:			
Principal	550,000	566,859	(16,859)
Interest	206,470	208,246	(1,776)
<b>TOTAL EXPENDITURES</b>	<u>4,793,245</u>	<u>4,634,177</u>	<u>159,068</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,359,145)</u>	<u>(874,032)</u>	<u>485,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of fixed asset disposition	-	9,100	9,100
Transfers in	-	584,145	584,145
Transfers out	-	(44,200)	(44,200)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>549,045</u>	<u>539,945</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,359,145)	(324,987)	1,025,058
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,276,855</u>	<u>1,276,855</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ (82,290)</u>	<u>\$ 951,868</u>	<u>\$ 1,025,058</u>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CASH BASIS**  
**DECEMBER 31, 2015**

	Water/Sewer Fund
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,336,658
<b>TOTAL ASSETS</b>	<b>\$ 1,336,658</b>
<b>LIABILITIES</b>	
Current Liabilities	
Liabilities	\$ -
<b>NET POSITION</b>	
Net position - unrestricted	1,336,658
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,336,658</b>

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Water/Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 642,148
TOTAL OPERATING REVENUES	642,148
OPERATING EXPENSES	
Wastewater collection and treatment	337,805
Water system	29,023
TOTAL OPERATING EXPENSES	366,828
OPERATING INCOME	275,320
NONOPERATING REVENUES	
Interest income	1,121
Transfers in	44,200
TOTAL NONOPERATING REVENUES	45,321
CHANGE IN NET POSITION	320,641
NET POSITION, BEGINNING OF YEAR	1,016,017
NET POSITION, END OF YEAR	\$ 1,336,658

See accompanying notes and independent accountant's compilation report.

**WEST VINCENT TOWNSHIP**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND - CASH BASIS**  
**DECEMBER 31, 2015**

	Escrow Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 218,509
TOTAL ASSETS	\$ 218,509
LIABILITIES	
Current Liabilities	
Liabilities	\$ 218,509
NET POSITION	
Net position - unrestricted	-
TOTAL LIABILITIES AND NET POSITION	\$ 218,509

See accompanying notes and independent accountant's compilation report

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

(See Accountant's Compilation Report)

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 sewer services 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, 2015

(See Accountant's Compilation Report)

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, 2015

(See Accountant's Compilation Report)

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

The Township reports the following proprietary fund:

- The *Sewer Fund* accounts for the activities of the Township's sewer operations.

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, 2015

(See Accountant's Compilation Report)

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 Council 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, 2015

(See Accountant's Compilation Report)

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, 2015, the carrying amount of the Township's deposits was \$4,173,383, and the bank balance was \$4,368,301, the difference being outstanding checks and deposits. Of the bank balance, \$579,368 was covered by federal depository insurance, and \$3,755,509 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, 2015

(See Accountant's Compilation Report)

NOTE 2 CASH AND CASH EQUIVALENTS (cont'd)

The remaining \$33,424 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, 2015), and is subject to an independent annual audit.

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The balance of short-term interfund receivables/payables at December 31, 2015 was as follows:

	Due From	Due To
General fund	\$ 2,248	\$ -
Liquid fuels fund	-	2,248
	\$ 2,248	\$ 2,248

Interfund balances represent temporary loans recorded at year end. The balances are repaid shortly after year end.

Interfund transfers:

<b>Transfers Out</b>		<b>Transfers In</b>	
General fund	\$ 44,200	General fund	\$ 584,145
Open space fund	584,145	Water/Sewer fund	44,200
Total	\$ 628,345	Total	\$ 628,345

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 Water/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.

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NOTE 4 CAPITAL LEASE (cont'd)

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2015 were as follows:

Year Ending December 31,	Governmental Activities
2016	\$ 18,635
2017	18,635
2018	1
Total minimum lease payments	37,271
Less: amount representing interest	(1,302)
Present value of minimum lease payments	\$ 35,969

NOTE 5 LONG-TERM DEBT

During 2012, the Township issued \$8,965,000 of General Obligation Bonds dated April 17, 2012 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 mature in December 2031 with interest ranging from 0.5 percent to 3.4 percent due in semi-annual installments in June and December.

The schedule of future principal maturities and annual interest at December 31, 2015 is as follows:

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Maturities
2016	\$ 575,000	\$ 184,470	\$ 759,470
2017	580,000	178,270	758,270
2018	580,000	171,180	751,180
2019	520,000	161,900	681,900
2020	525,000	152,020	677,020
2021 - 2025	2,395,000	564,935	2,959,935
2026 - 2030	1,910,000	263,840	2,173,840
2031	415,000	14,110	429,110
	\$ 7,500,000	\$ 1,690,725	\$ 9,190,725

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NOTE 5 LONG-TERM DEBT (cont'd)

A schedule of changes in debt is as follows:

	Beginning Balance 1/1/15	Additions	Reductions	Ending Balance 12/31/15	Amounts Due Within One Year
Governmental Activities:					
Capital lease	\$ 52,828	\$ -	\$ 16,859	\$ 35,969	\$ 18,505
General obligation bonds	8,050,000	-	550,000	7,500,000	575,000
Total Governmental Activities	<u>\$ 8,102,828</u>	<u>\$ -</u>	<u>\$ 566,859</u>	<u>\$ 7,535,969</u>	<u>\$ 593,505</u>

For the year ended December 31, 2015, interest paid for the governmental activities was \$208,246.

NOTE 6 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2015, the General Fund incurred expenditures in excess of appropriations in the following functions:

Public safety	\$ 184,520
Public works - highways and streets	\$ 425,171
Culture and recreation	\$ 25,622
Debt service - principal	\$ 16,859
Debt service - interest	\$ 1,776

The excess expenditures were covered by revenues exceeding budgeted amounts and by other expenditure category appropriations which did not exceed their budgets.

NOTE 7 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through May 23, 2016, the date the financial statements were available to be issued.