



WEST VINCENT TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2018

WEST VINCENT TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statement of Net Position - Cash Basis	3
Statement of Activities - Cash Basis	4
Balance Sheet - Governmental Funds - Cash Basis	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Cash Basis	6
Budgetary Comparison Statement - General Fund - Cash Basis	7
Budgetary Comparison Statement - Liquid Fuels Fund - Cash Basis	8
Budgetary Comparison Statement - Open Space Fund - Cash Basis	9
Statement of Net Position - Proprietary Fund - Cash Basis	10
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Fund - Cash Basis	11
Statement of Net Position - Fiduciary Fund - Cash Basis	12
Notes to Financial Statements	13 - 20

INDEPENDENT AUDITOR'S REPORT

May 29, 2019

To the 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, 2018, 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.

To the 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, assets and liabilities arising from cash transactions of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of West Vincent Township, Chester Springs, Pennsylvania as of December 31, 2018, and its revenue collected and expenses paid, and the respective budgetary comparison-cash basis for the general fund, liquid fuels fund, and open space fund for the year then ended on 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 9,543,783	\$ 28,037	\$ 9,571,820
TOTAL ASSETS	\$ 9,543,783	\$ 28,037	\$ 9,571,820
LIABILITIES AND NET POSITION			
LIABILITIES			
Payroll withholdings	\$ 4,968	\$ -	\$ 4,968
TOTAL LIABILITIES	4,968	-	4,968
NET POSITION:			
Restricted	1,332,653	-	1,332,653
Unrestricted	8,206,162	28,037	8,234,199
TOTAL NET POSITION	9,538,815	28,037	9,566,852
TOTAL LIABILITIES AND NET POSITION	\$ 9,543,783	\$ 28,037	\$ 9,571,820

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, 2018**

	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	\$ 1,092,991	\$ 112,390	\$ (722,152)	\$ (722,152)
Public safety	2,133,493	44,814	(1,690,227)	(1,690,227)
Public works - highways and streets	1,358,927	260,481	(1,098,446)	(1,098,446)
Culture and recreation	91,660	-	(73,235)	(73,235)
Community development	990,170	-	(990,170)	(990,170)
Debt service	733,275	-	(733,275)	(733,275)
TOTAL GOVERNMENTAL ACTIVITIES	6,400,516	417,685	(5,307,505)	(5,307,505)
BUSINESS-TYPE ACTIVITIES				
Sewer operations	227,530	-	-	43,577
TOTAL BUSINESS-TYPE ACTIVITIES	227,530	-	-	43,577
TOTAL PRIMARY GOVERNMENT	\$ 6,628,046	\$ 417,685	(5,307,505)	(5,263,928)
GENERAL REVENUES AND TRANSFERS				
Taxes:				
Real estate taxes			1,226,391	1,226,391
Real estate transfer taxes			697,338	697,338
Earned income taxes			2,697,093	2,697,093
Interest, rents, and royalties			119,874	129,354
Licenses and permits			76,926	76,926
Fines and forfeits			17,246	17,246
Proceeds from sale of capital assets			4,001,211	4,001,211
Transfers in (out)			1,796,504	-
Miscellaneous			2,425	2,425
TOTAL GENERAL REVENUES AND TRANSFERS			10,635,008	8,847,984
CHANGE IN NET POSITION			5,327,503	3,584,056
NET POSITION, BEGINNING OF YEAR			4,211,312	5,982,796
NET POSITION, END OF YEAR			\$ 9,538,815	\$ 9,566,852

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

**WEST VINCENT TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2018**

	General Fund	Liquid Fuels Fund	Open Space Fund	Road Improvement Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,707,225	\$ 10,900	\$ 1,321,753	\$ 5,018,906	\$ 1,484,999	\$ 9,543,783
TOTAL ASSETS	<u>\$ 1,707,225</u>	<u>\$ 10,900</u>	<u>\$ 1,321,753</u>	<u>\$ 5,018,906</u>	<u>\$ 1,484,999</u>	<u>\$ 9,543,783</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Payroll withholdings	\$ 4,968	-	-	-	-	\$ 4,968
TOTAL LIABILITIES	<u>\$ 4,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 4,968</u>
FUND BALANCES						
Restricted for:						
Highways and streets	-	10,900	-	-	-	10,900
Open space	-	-	1,321,753	-	-	1,321,753
Assigned for:						
Capital Projects	-	-	-	5,018,906	1,484,999	6,503,905
Unassigned	1,702,257	-	-	-	-	1,702,257
TOTAL FUND BALANCES	<u>1,702,257</u>	<u>10,900</u>	<u>1,321,753</u>	<u>5,018,906</u>	<u>1,484,999</u>	<u>9,538,815</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,707,225</u>	<u>\$ 10,900</u>	<u>\$ 1,321,753</u>	<u>\$ 5,018,906</u>	<u>\$ 1,484,999</u>	<u>\$ 9,543,783</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, 2018**

	General Fund	Liquid Fuels Fund	Open Space Fund	Road Improvement Fund	Capital Projects Fund	Total
REVENUES						
Taxes:						
Real estate taxes	\$ 1,226,391	\$ -	\$ -	\$ -	\$ -	\$ 1,226,391
Transfer taxes	697,338	-	-	-	-	697,338
Earned income taxes	1,804,202	-	892,891	-	-	2,697,093
Licenses and permits	76,926	-	-	-	-	76,926
Fines and forfeits	17,246	-	-	-	-	17,246
Interest, rents, and royalties	50,108	3,014	24,316	41,355	1,081	119,874
Intergovernmental revenues	164,612	253,073	-	-	-	417,685
Charges for services	675,326	-	-	-	-	675,326
Miscellaneous revenue/other	2,425	-	-	-	-	2,425
TOTAL REVENUES	<u>4,714,574</u>	<u>256,087</u>	<u>917,207</u>	<u>41,355</u>	<u>1,081</u>	<u>5,930,304</u>
EXPENDITURES						
Current:						
General government	1,092,956	-	25	-	10	1,092,991
Public safety	2,133,493	-	-	-	-	2,133,493
Public works - highways and streets	1,109,365	249,562	-	-	-	1,358,927
Culture and recreation	91,660	-	-	-	-	91,660
Community development	13,508	-	976,662	-	-	990,170
Debt service:						
Principal	125,600	-	449,400	-	-	575,000
Interest	40,735	-	117,540	-	-	158,275
TOTAL EXPENDITURES	<u>4,607,317</u>	<u>249,562</u>	<u>1,543,627</u>	<u>-</u>	<u>10</u>	<u>6,400,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>107,257</u>	<u>6,525</u>	<u>(626,420)</u>	<u>41,355</u>	<u>1,071</u>	<u>(470,212)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	4,001,211	-	-	-	-	4,001,211
Transfers in	764,330	-	-	4,977,551	1,483,928	7,225,809
Transfers out	(5,429,305)	-	-	-	-	(5,429,305)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(663,764)</u>	<u>-</u>	<u>-</u>	<u>4,977,551</u>	<u>1,483,928</u>	<u>5,797,715</u>
NET CHANGE IN FUND BALANCES	(556,507)	6,525	(626,420)	5,018,906	1,484,999	5,327,503
FUND BALANCES, BEGINNING OF YEAR	2,258,764	4,375	1,948,173	-	-	4,211,312
FUND BALANCES, END OF YEAR	<u>\$ 1,702,257</u>	<u>\$ 10,900</u>	<u>\$ 1,321,753</u>	<u>\$ 5,018,906</u>	<u>\$ 1,484,999</u>	<u>\$ 9,538,815</u>

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, 2018**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Real estate taxes	\$ 1,120,000	\$ 1,226,391	\$ 106,391
Transfer taxes	375,000	697,338	322,338
Earned income taxes	1,682,000	1,804,202	122,202
Licenses and permits	81,000	76,926	(4,074)
Fines and forfeits	11,000	17,246	6,246
Interest, rents, and royalties	2,200	50,108	47,908
Intergovernmental revenues	155,800	164,612	8,812
Charges for services	601,450	675,326	73,876
Miscellaneous revenue/other	2,000	2,425	425
TOTAL REVENUES	<u>4,030,450</u>	<u>4,714,574</u>	<u>684,124</u>
EXPENDITURES			
Current:			
General government	812,964	1,092,956	(279,992)
Public safety	1,874,074	2,133,493	(259,419)
Public works - highways and streets	1,254,033	1,109,365	144,668
Culture and recreation	151,934	91,660	60,274
Community development	13,250	13,508	(258)
Debt service:			
Principal	125,600	125,600	-
Interest	40,759	40,735	24
TOTAL EXPENDITURES	<u>4,272,614</u>	<u>4,607,317</u>	<u>(334,703)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(242,164)</u>	<u>107,257</u>	<u>349,421</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,700	4,001,211	3,998,511
Transfers in	345,000	764,330	419,330
Transfers out	(45,000)	(5,429,305)	(5,384,305)
TOTAL OTHER FINANCING SOURCES (USES)	<u>302,700</u>	<u>(663,764)</u>	<u>(966,464)</u>
NET CHANGE IN FUND BALANCE	60,536	(556,507)	(617,043)
FUND BALANCE, BEGINNING OF YEAR	<u>2,258,764</u>	<u>2,258,764</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,319,300</u>	<u>\$ 1,702,257</u>	<u>\$ (617,043)</u>

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

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - LIQUID FUELS FUND - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest, rents, and royalties	\$ 250	\$ 3,014	\$ 2,764
Intergovernmental revenues	239,480	253,073	13,593
TOTAL REVENUES	<u>239,730</u>	<u>256,087</u>	<u>16,357</u>
EXPENDITURES			
Current:			
Public works - highways and streets	<u>239,730</u>	<u>249,562</u>	<u>(9,832)</u>
TOTAL EXPENDITURES	<u>239,730</u>	<u>249,562</u>	<u>(9,832)</u>
NET CHANGE IN FUND BALANCE	-	6,525	6,525
FUND BALANCE, BEGINNING OF YEAR	<u>4,375</u>	<u>4,375</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,375</u>	<u>\$ 10,900</u>	<u>\$ 6,525</u>

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

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - OPEN SPACE FUND - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Earned income taxes	\$ 800,000	\$ 892,891	\$ 92,891
Interest, rents, and royalties	2,500	24,316	21,816
TOTAL REVENUES	<u>802,500</u>	<u>917,207</u>	<u>114,707</u>
EXPENDITURES			
Current:			
General government	-	25	(25)
Community development	1,835,505	976,662	858,843
Debt service:			
Principal	449,400	449,400	-
Interest	117,595	117,540	55
TOTAL EXPENDITURES	<u>2,402,500</u>	<u>1,543,627</u>	<u>858,873</u>
NET CHANGE IN FUND BALANCE	(1,600,000)	(626,420)	(744,166)
FUND BALANCE, BEGINNING OF YEAR	<u>1,948,173</u>	<u>1,948,173</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 348,173</u>	<u>\$ 1,321,753</u>	<u>\$ (744,166)</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, 2018

	Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 28,037
TOTAL ASSETS	\$ 28,037
LIABILITIES AND NET POSITION	
LIABILITIES	\$ -
NET POSITION	
Unrestricted	28,037
TOTAL LIABILITIES AND NET POSITION	\$ 28,037

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, 2018

	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 271,107
TOTAL OPERATING REVENUES	271,107
 OPERATING EXPENSES	
Wastewater collection and treatment	221,671
Water system	5,859
TOTAL OPERATING EXPENSES	227,530
 OPERATING INCOME	 43,577
 NONOPERATING REVENUES	
Interest income	9,480
TOTAL NONOPERATING REVENUES	9,480
 INCOME BEFORE TRANSFERS	 53,057
Transfers in	57,055
Transfers out	(1,853,559)
 CHANGE IN NET POSITION	 (1,743,447)
 NET POSITION, BEGINNING OF YEAR	 1,771,484
 NET POSITION, END OF YEAR	 \$ 28,037

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

WEST VINCENT TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUND - CASH BASIS
DECEMBER 31, 2018

	<u>Escrow Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 389,747
TOTAL ASSETS	\$ 389,747
LIABILITIES	
Current Liabilities:	
Due to others	\$ 389,747
NET POSITION	
Net position - unrestricted	-
TOTAL LIABILITIES AND NET POSITION	\$ 389,747

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

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 - cash basis 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:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet - cash

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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. The primary revenue stream is earned income tax.

The *Road Improvement Fund* is used to account for resources to be used for the Road Improvement Program.

The *Capital Projects Fund* is used to account for resources to be used for capital projects.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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's sewer assets were sold to a third party in 2018, and this fund will be closed out in 2019.

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 Fund Balance

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, 2018

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 resource 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, 2018

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 for all funds, which is a basis of accounting other than generally accepted accounting principles. 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 Board of Supervisors must adopt the budget through a motion by December 31. It is also the duty of the Board 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 ("Act 72"), 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, 2018, the carrying amount of the Township's deposits was \$9,961,567, and the bank balance was \$9,993,511. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$4,672,493 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, 2018

NOTE 2 CASH AND CASH EQUIVALENTS (cont'd)

The remaining \$5,071,018 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, 2018), and is subject to an independent annual audit.

NOTE 3 INTERFUND TRANSFERS

<u>Transfers Out</u>		<u>Transfers In</u>	
Sewer Fund	\$ 977,551	Road Improvement Fund	\$ 977,551
Sewer Fund	764,330	General Fund	764,330
Sewer Fund	111,678	Capital Project Fund	111,678
General Fund	57,055	Sewer Fund	57,055
General Fund	4,000,000	Road Improvement Fund	4,000,000
General Fund	<u>1,372,250</u>	Capital Projects Fund	<u>1,372,250</u>
Total	<u>\$ 7,282,864</u>	Total	<u>\$ 7,282,864</u>

The most significant transfers were from the General and Sewer funds to the Capital Projects and Road Improvements funds. These transfers were made for the purpose of setting aside the proceeds from the sale of the sewer assets and the remaining sewer fund cash for future Board-approved capital projects.

NOTE 4 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, these bonds were partially refunded in 2016, and the remaining outstanding bonds matured 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.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 LONG-TERM DEBT (cont'd)

The schedule of future principal maturities and annual interest at December 31, 2018 is as follows:

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2019	\$ 515,000	\$ 149,115	\$ 664,115
2020	535,000	128,515	663,515
2021	545,000	112,465	657,465
2022	565,000	90,665	655,665
2023	585,000	79,365	664,365
2024 - 2028	1,885,000	261,155	2,146,155
2029 - 2031	1,185,000	58,595	1,243,595
	<u>\$ 5,815,000</u>	<u>\$ 879,875</u>	<u>\$ 6,694,875</u>

A schedule of changes in debt is as follows:

	<u>Beginning Balance 1/1/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/18</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
2012 General obligation bonds	\$ 565,000	\$ -	\$ 565,000	\$ -	\$ -
2016 General obligation bonds	5,825,000	-	10,000	5,815,000	515,000
Total Governmental Activities	<u>\$ 6,390,000</u>	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 5,815,000</u>	<u>\$ 515,000</u>

For the year ended December 31, 2018, interest paid for the governmental activities was \$158,275.

NOTE 5 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, the Township incurred expenditures in excess of appropriations in the following functions:

General Fund

General government	\$ 279,992
Public safety	\$ 259,419
Community development	\$ 258

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

Liquid Fuels Fund

Public works – highways and streets	\$	9,832
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Open Space Fund

General government	\$	25
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The excess expenditures were covered by revenues exceeding budgeted amounts and by other expenditure category appropriations which did not exceed their budgets.

NOTE 6 SALE OF SEWER OPERATIONS

On February 13, 2018, the Township entered into a sale agreement with the Bucks County Water and Sewer Authority to sell sanitary wastewater collection and treatment systems and a water system that provides sanitary wastewater service and water service to various customers in the Township of West Vincent, Pennsylvania. The assets were sold for an agreed-upon price of \$4,000,000.

NOTE 7 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through May 29, 2019, the date the financial statements were available to be issued.