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**WEST VINCENT TOWNSHIP**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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WEST VINCENT TOWNSHIP

TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT   | 1           |
| 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<br>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 -<br>Proprietary Fund - Cash Basis    | 11          |
| Statement of Net Position - Fiduciary Fund - Cash Basis  | 12          |
| Notes to Financial Statements  | 13          |
| SUPPLEMENTARY INFORMATION:   |             |
| Budgetary Comparison Schedule - Road Improvement and<br>Capital Projects Funds - Cash Basis            | 21          |



## INDEPENDENT AUDITOR'S REPORT

May 19, 2020

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, Chester Springs, Pennsylvania, as of and for the year ended December 31, 2019, 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

To the Board of Supervisors  
West Vincent Township

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.

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, 2019, and its revenue collected and expenses paid, and the respective budgetary comparison-cash basis 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.

#### Other Matters

##### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Vincent Township's basic financial statements. The budgetary comparison schedule - road improvement and capital projects funds - cash basis is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule - road improvement and capital projects funds - cash basis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule - road improvement and capital projects funds - cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

  
BARBACANE, THORNTON & COMPANY LLP

**WEST VINCENT TOWNSHIP  
STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2019**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                             |                            |                             |                      |
| Current Assets:                           |                            |                             |                      |
| Cash and cash equivalents                 | \$ 10,034,222              | \$ 53,282                   | \$ 10,087,504        |
| <b>TOTAL ASSETS</b>                       | <b>\$ 10,034,222</b>       | <b>\$ 53,282</b>            | <b>\$ 10,087,504</b> |
| <b>LIABILITIES AND NET POSITION</b>       |                            |                             |                      |
| <b>LIABILITIES</b>                        | \$ -                       | \$ -                        | \$ -                 |
| <b>NET POSITION:</b>                      |                            |                             |                      |
| Restricted                                | 1,741,511                  | -                           | 1,741,511            |
| Unrestricted                              | 8,292,711                  | 53,282                      | 8,345,993            |
| <b>TOTAL NET POSITION</b>                 | <b>10,034,222</b>          | <b>53,282</b>               | <b>10,087,504</b>    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 10,034,222</b>       | <b>\$ 53,282</b>            | <b>\$ 10,087,504</b> |

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, 2019**

|   | Program Revenues                   |                      | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|---|------------------------------------|----------------------|---|--------------------------|----------------------|
|   | Expenses                           | Charges for Services | Governmental Activities                           | Business-type Activities | Total                |
|   | Operating Grants and Contributions |                      |   |                          |                      |
| <b>GOVERNMENTAL ACTIVITIES</b>              |                                    |                      |   |                          |                      |
| General government                          | \$ 875,307                         | \$ 207,086           | \$ (549,714)                                      | \$ -                     | \$ (549,714)         |
| Public safety                               | 1,955,960                          | 325,155              | (1,579,463)                                       | -                        | (1,579,463)          |
| Public works                                | 1,568,580                          | -                    | (1,304,349)                                       | -                        | (1,304,349)          |
| Health and human services                   | 3,612                              | -                    | (3,612)   | -                        | (3,612)              |
| Culture and recreation                      | 49,763                             | 22,235               | (27,528)  | -                        | (27,528)             |
| Community development                       | 49,893                             | -                    | (49,893)  | -                        | (49,893)             |
| Other expenses                              | 540                                | -                    | (540)   | -                        | (540)                |
| Debt service                                | 664,115                            | -                    | (664,115)   | -                        | (664,115)            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>        | <b>5,167,770</b>                   | <b>554,476</b>       | <b>(4,179,214)</b>                                | <b>-</b>                 | <b>(4,179,214)</b>   |
| <b>BUSINESS-TYPE ACTIVITIES</b>             |                                    |                      |   |                          |                      |
| Sewer operations                            | 121,865                            | 147,290              | -   | 25,425                   | 25,425               |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>       | <b>121,865</b>                     | <b>147,290</b>       | <b>-</b>  | <b>25,425</b>            | <b>25,425</b>        |
| <b>TOTAL PRIMARY GOVERNMENT</b>             | <b>5,289,635</b>                   | <b>701,766</b>       | <b>(4,179,214)</b>                                | <b>25,425</b>            | <b>(4,153,789)</b>   |
| <b>GENERAL REVENUES AND TRANSFERS</b>       |                                    |                      |   |                          |                      |
| Taxes:                                      |                                    |                      |   |                          |                      |
| Real estate taxes                           |                                    |                      | 1,246,882   | -                        | 1,246,882            |
| Real estate transfer taxes                  |                                    |                      | 409,197   | -                        | 409,197              |
| Earned income taxes                         |                                    |                      | 2,736,640   | -                        | 2,736,640            |
| Interest, rents, and royalties              |                                    |                      | 164,133   | -                        | 164,133              |
| Licenses and permits                        |                                    |                      | 78,815  | -                        | 78,815               |
| Fines and forfeits                          |                                    |                      | 17,342  | -                        | 17,342               |
| Proceeds from the sale of fixed assets      |                                    |                      | 4,171   | -                        | 4,171                |
| Transfers in (out)                          |                                    |                      | 180   | (180)                    | -                    |
| Other                                       |                                    |                      | 17,261  | -                        | 17,261               |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b> |                                    |                      | <b>4,674,621</b>                                  | <b>(180)</b>             | <b>4,674,441</b>     |
| <b>CHANGE IN NET POSITION</b>               |                                    |                      | 495,407   | 25,245                   | 520,652              |
| <b>NET POSITION, BEGINNING OF YEAR</b>      |                                    |                      | 9,538,815   | 28,037                   | 9,566,852            |
| <b>NET POSITION, END OF YEAR</b>            |                                    |                      | <b>\$ 10,034,222</b>                              | <b>\$ 53,282</b>         | <b>\$ 10,087,504</b> |

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

**WEST VINCENT TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS  
DECEMBER 31, 2019**

|  | General<br>Fund     | Liquid<br>Fuels Fund | Open Space<br>Fund  | Road<br>Improvement<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------|---------------------|-----------------------------|-----------------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                      |                     |                             |                             |                                |
| Cash and cash equivalents                  | \$ 2,100,525        | \$ 8,914             | \$ 1,732,597        | \$ 4,676,784                | \$ 1,515,402                | \$ 10,034,222                  |
| <b>TOTAL ASSETS</b>                        | <u>\$ 2,100,525</u> | <u>\$ 8,914</u>      | <u>\$ 1,732,597</u> | <u>\$ 4,676,784</u>         | <u>\$ 1,515,402</u>         | <u>\$ 10,034,222</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                      |                     |                             |                             |                                |
| <b>LIABILITIES</b>                         | \$ -                | \$ -                 | \$ -                | \$ -                        | \$ -                        | \$ -                           |
| <b>FUND BALANCES</b>                       |                     |                      |                     |                             |                             |                                |
| Restricted for:                            |                     |                      |                     |                             |                             |                                |
| Highways and streets                       | -                   | 8,914                | -                   | -                           | -                           | 8,914                          |
| Open space                                 | -                   | -                    | 1,732,597           | -                           | -                           | 1,732,597                      |
| Assigned for:                              |                     |                      |                     |                             |                             |                                |
| Capital Projects                           | -                   | -                    | -                   | 4,676,784                   | 1,515,402                   | 6,192,186                      |
| Unassigned                                 | 2,100,525           | -                    | -                   | -                           | -                           | 2,100,525                      |
| <b>TOTAL FUND BALANCES</b>                 | <u>2,100,525</u>    | <u>8,914</u>         | <u>1,732,597</u>    | <u>4,676,784</u>            | <u>1,515,402</u>            | <u>10,034,222</u>              |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 2,100,525</u> | <u>\$ 8,914</u>      | <u>\$ 1,732,597</u> | <u>\$ 4,676,784</u>         | <u>\$ 1,515,402</u>         | <u>\$ 10,034,222</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, 2019**

|  | General Fund        | Liquid Fuels Fund | Open Space Fund     | Road Improvement Fund | Capital Projects Fund | Total                |
|--|---------------------|-------------------|---------------------|-----------------------|-----------------------|----------------------|
| <b>REVENUES</b>  |                     |                   |                     |                       |                       |                      |
| Taxes:   |                     |                   |                     |                       |                       |                      |
| Real estate tax  | \$ 1,246,882        | \$ -              | \$ -                | \$ -                  | \$ -                  | \$ 1,246,882         |
| Transfer tax   | 409,197             | -                 | -                   | -                     | -                     | 409,197              |
| Earned income tax  | 1,829,799           | -                 | 906,841             | -                     | -                     | 2,736,640            |
| Licenses and permits   | 78,815              | -                 | -                   | -                     | -                     | 78,815               |
| Fines and forfeits   | 17,342              | -                 | -                   | -                     | -                     | 17,342               |
| Interest, rents, and royalties                                   | 36,920              | 3,882             | 35,108              | 57,830                | 30,393                | 164,133              |
| Intergovernmental revenues                                       | 175,176             | 258,904           | -                   | -                     | -                     | 434,080              |
| Charges for services   | 554,476             | -                 | -                   | -                     | -                     | 554,476              |
| Miscellaneous revenue/other                                      | 12,931              | -                 | -                   | -                     | -                     | 12,931               |
| <b>TOTAL REVENUES</b>  | <b>4,361,538</b>    | <b>262,786</b>    | <b>941,949</b>      | <b>57,830</b>         | <b>30,393</b>         | <b>5,654,496</b>     |
| <b>EXPENDITURES</b>  |                     |                   |                     |                       |                       |                      |
| Current:   |                     |                   |                     |                       |                       |                      |
| General government   | 764,787             | 15                | -                   | 110,505               | -                     | 875,307              |
| Public safety  | 1,955,960           | -                 | -                   | -                     | -                     | 1,955,960            |
| Health and human services  | 3,612               | -                 | -                   | -                     | -                     | 3,612                |
| Public works - highways and streets                              | 1,014,376           | 264,757           | -                   | 289,447               | -                     | 1,568,580            |
| Culture and recreation   | 49,763              | -                 | -                   | -                     | -                     | 49,763               |
| Community development  | 24,193              | -                 | 25,700              | -                     | -                     | 49,893               |
| Other expenses   | 540                 | -                 | -                   | -                     | -                     | 540                  |
| Debt service:  |                     |                   |                     |                       |                       |                      |
| Principal  | 120,000             | -                 | 395,000             | -                     | -                     | 515,000              |
| Interest   | 38,710              | -                 | 110,405             | -                     | -                     | 149,115              |
| <b>TOTAL EXPENDITURES</b>  | <b>3,971,941</b>    | <b>264,772</b>    | <b>531,105</b>      | <b>399,952</b>        | <b>-</b>              | <b>5,167,770</b>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b> | <b>389,597</b>      | <b>(1,986)</b>    | <b>410,844</b>      | <b>(342,122)</b>      | <b>30,393</b>         | <b>486,726</b>       |
| <b>OTHER FINANCING SOURCES</b>                                   |                     |                   |                     |                       |                       |                      |
| Proceeds from sale of capital assets                             | 4,171               | -                 | -                   | -                     | -                     | 4,171                |
| Refund of prior year expenditures                                | 4,320               | -                 | -                   | -                     | 10                    | 4,330                |
| Transfers in   | 180                 | -                 | -                   | -                     | -                     | 180                  |
| <b>TOTAL OTHER FINANCING SOURCES</b>                             | <b>8,671</b>        | <b>-</b>          | <b>-</b>            | <b>-</b>              | <b>10</b>             | <b>8,681</b>         |
| <b>NET CHANGE IN FUND BALANCES</b>                               | <b>398,268</b>      | <b>(1,986)</b>    | <b>410,844</b>      | <b>(342,122)</b>      | <b>30,403</b>         | <b>495,407</b>       |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                          | <b>1,702,257</b>    | <b>10,900</b>     | <b>1,321,753</b>    | <b>5,018,906</b>      | <b>1,484,999</b>      | <b>9,538,815</b>     |
| <b>FUND BALANCES, END OF YEAR</b>                                | <b>\$ 2,100,525</b> | <b>\$ 8,914</b>   | <b>\$ 1,732,597</b> | <b>\$ 4,676,784</b>   | <b>\$ 1,515,402</b>   | <b>\$ 10,034,222</b> |

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, 2019**

|  | Original<br>and Final<br>Budget | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|---|------------------------------------|
| <b>REVENUES</b>  |                                 |   |                                    |
| Taxes:   |                                 |   |                                    |
| Real estate tax  | \$ 1,275,000                    | \$ 1,246,882                              | \$ (28,118)                        |
| Transfer tax   | 375,000                         | 409,197                                   | 34,197                             |
| Earned income tax  | 1,735,000                       | 1,829,799                                 | 94,799                             |
| Licenses and permits   | 92,200                          | 78,815                                    | (13,385)                           |
| Fines and forfeits   | 11,000                          | 17,342                                    | 6,342                              |
| Interest, rents, and royalties                                       | 23,500                          | 36,920                                    | 13,420                             |
| Intergovernmental revenues   | 158,900                         | 175,176                                   | 16,276                             |
| Charges for services   | 606,650                         | 554,476                                   | (52,174)                           |
| Miscellaneous revenue/other  | 2,000                           | 12,931                                    | 10,931                             |
| <b>TOTAL REVENUES</b>  | <u>4,279,250</u>                | <u>4,361,538</u>                          | <u>82,288</u>                      |
| <b>EXPENDITURES</b>  |                                 |   |                                    |
| Current:   |                                 |   |                                    |
| General government   | 796,325                         | 764,787                                   | 31,538                             |
| Public safety  | 1,902,335                       | 1,955,960                                 | (53,625)                           |
| Health and human services  | 5,000                           | 3,612                                     | 1,388                              |
| Public works - highways and streets                                  | 1,085,690                       | 1,014,376                                 | 71,314                             |
| Culture and recreation   | 388,450                         | 49,763                                    | 338,687                            |
| Community development  | 30,650                          | 24,193                                    | 6,457                              |
| Other expenses   | -                               | 540                                       | (540)                              |
| Debt service:  | -                               |   |                                    |
| Principal  | 120,000                         | 120,000                                   | -                                  |
| Interest   | 38,710                          | 38,710                                    | -                                  |
| <b>TOTAL EXPENDITURES</b>  | <u>4,367,160</u>                | <u>3,971,941</u>                          | <u>395,219</u>                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(87,910)</u>                 | <u>389,597</u>                            | <u>477,507</u>                     |
| <b>OTHER FINANCING SOURCES</b>                                       |                                 |   |                                    |
| Proceeds from the sales of fixed assets                              | 4,000                           | 4,171                                     | 171                                |
| Refunds of prior year expenditures                                   | -                               | 4,320                                     | 4,320                              |
| Transfers in   | 127,600                         | 180                                       | (127,420)                          |
| <b>TOTAL OTHER FINANCING SOURCES</b>                                 | <u>131,600</u>                  | <u>8,671</u>                              | <u>(122,929)</u>                   |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | 43,690                          | 398,268                                   | 354,578                            |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               | <u>1,702,257</u>                | <u>1,702,257</u>                          | <u>-</u>                           |
| <b>FUND BALANCE, END OF YEAR</b>                                     | <u>\$ 1,745,947</u>             | <u>\$ 2,100,525</u>                       | <u>\$ 354,578</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, 2019**

|  | Original<br>and Final<br>Budget | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|---|------------------------------------|
| <b>REVENUES</b>                        |                                 |   |                                    |
| Interest, rents, and royalties         | \$ 1,500                        | \$ 3,882                                  | \$ 2,382                           |
| Intergovernmental revenues             | <u>252,220</u>                  | <u>258,904</u>                            | <u>6,684</u>                       |
| <b>TOTAL REVENUES</b>                  | <u>253,720</u>                  | <u>262,786</u>                            | <u>9,066</u>                       |
| <b>EXPENDITURES</b>                    |                                 |   |                                    |
| Current:                               |                                 |   |                                    |
| General government                     | -                               | 15  | (15)                               |
| Public works - highways and streets    | <u>253,720</u>                  | <u>264,757</u>                            | <u>(11,037)</u>                    |
| <b>TOTAL EXPENDITURES</b>              | <u>253,720</u>                  | <u>264,772</u>                            | <u>(11,052)</u>                    |
| <b>NET CHANGE IN FUND BALANCE</b>      | -                               | (1,986)                                   | (1,986)                            |
| <b>FUND BALANCE, BEGINNING OF YEAR</b> | <u>10,900</u>                   | <u>10,900</u>                             | <u>-</u>                           |
| <b>FUND BALANCE, END OF YEAR</b>       | <u>\$ 4,375</u>                 | <u>\$ 8,914</u>                           | <u>\$ (1,986)</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, 2019**

|                                 | Original<br>and Final<br>Budget | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|---------------------------------|---------------------------------|---|------------------------------------|
| REVENUES                        |                                 |   |                                    |
| Taxes:                          |                                 |   |                                    |
| Earned income taxes             | \$ 825,000                      | \$ 906,841                                | \$ 81,841                          |
| Interest, rents, and royalties  | 15,000                          | 35,108                                    | 20,108                             |
| TOTAL REVENUES                  | <u>840,000</u>                  | <u>941,949</u>                            | <u>101,949</u>                     |
| EXPENDITURES                    |                                 |   |                                    |
| Current:                        |                                 |   |                                    |
| Community development           | 992,595                         | 25,700                                    | 966,895                            |
| Debt service:                   |                                 |   |                                    |
| Principal                       | 395,000                         | 395,000                                   | -                                  |
| Interest                        | 110,405                         | 110,405                                   | -                                  |
| TOTAL EXPENDITURES              | <u>1,498,000</u>                | <u>531,105</u>                            | <u>966,895</u>                     |
| NET CHANGE IN FUND BALANCE      | (658,000)                       | 410,844                                   | 1,068,844                          |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,321,753</u>                | <u>1,321,753</u>                          | <u>-</u>                           |
| FUND BALANCE, END OF YEAR       | <u>\$ 663,753</u>               | <u>\$ 1,732,597</u>                       | <u>\$ 1,068,844</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, 2019**

|                                    | Sewer Fund |
|------------------------------------|------------|
| ASSETS                             |            |
| Current Assets:                    |            |
| Cash and cash equivalents          | \$ 53,282  |
| TOTAL ASSETS                       | \$ 53,282  |
| LIABILITIES AND NET POSITION       |            |
| LIABILITIES                        | \$ -       |
| NET POSITION                       |            |
| Unrestricted Net Position          | 53,282     |
| TOTAL LIABILITIES AND NET POSITION | \$ 53,282  |

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, 2019**

|                                     | Sewer Fund    |
|-------------------------------------|---------------|
| OPERATING REVENUES                  |               |
| Charges for services                | \$ 147,290    |
| TOTAL OPERATING REVENUES            | 147,290       |
| <br>OPERATING EXPENSES              |               |
| Wastewater collection and treatment | 121,760       |
| Bank service fee                    | 105           |
| TOTAL OPERATING EXPENSES            | 121,865       |
| <br>OPERATING INCOME                | <br>25,425    |
| Transfers out                       | (180)         |
| <br>CHANGE IN NET POSITION          | <br>25,245    |
| <br>NET POSITION, BEGINNING OF YEAR | <br>28,037    |
| <br>NET POSITION, END OF YEAR       | <br>\$ 53,282 |

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

**WEST VINCENT TOWNSHIP**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND - CASH BASIS**  
**DECEMBER 31, 2019**

|   | <u>Escrow Fund</u> |
|---|--------------------|
| <b>ASSETS</b>                             |                    |
| Current Assets:                           |                    |
| Cash and cash equivalents                 | \$ 330,262         |
| <b>TOTAL ASSETS</b>                       | \$ 330,262         |
| <b>LIABILITIES</b>                        |                    |
| Current Liabilities:                      |                    |
| Due to others                             | \$ 330,262         |
| <b>NET POSITION</b>                       |                    |
| Net position - unrestricted               | -                  |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 330,262         |

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

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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:

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

All governmental 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. The primary revenue stream is earned income tax.

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

- 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.

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 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.

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*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.

*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).

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

- 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.
  
- 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 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

WEST VINCENT TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

NOTE 2 CASH AND CASH EQUIVALENTS (cont'd)

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, 2019, the carrying amount of the Township's deposits was \$10,417,766, and the bank balance was \$10,437,768, the difference being outstanding checks and deposits in transit.

Of the bank balance, \$250,000 was covered by federal depository insurance, and \$5,503,552 was collateralized by pool 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.

The remaining \$4,684,216 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, 2019), and is subject to an independent annual audit.

NOTE 3 INTERFUND TRANSFERS

| <u>Transfers Out</u> |               | <u>Transfers In</u> |               |
|----------------------|---------------|---------------------|---------------|
| Sewer Fund           | \$ 180        | General Fund        | \$ 180        |
| Total                | <u>\$ 180</u> | Total               | <u>\$ 180</u> |

The transfer from the Sewer Fund to General Fund was made to reimburse the General Fund for a prior year expenditure.

NOTE 4 LONG-TERM DEBT

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 schedule of future principal maturities and annual interest at December 31, 2019 is as follows:

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 4 LONG-TERM DEBT (cont'd)

Governmental Activities:

| Year Ending<br>December 31, | Principal           | Interest          | Total<br>Maturities |
|-----------------------------|---------------------|-------------------|---------------------|
| 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                        | 415,000             | 67,665            | 482,665             |
| 2025 - 2029                 | 1,860,000           | 222,335           | 2,082,335           |
| 2030 - 2031                 | 795,000             | 29,750            | 824,750             |
|                             | <u>\$ 5,300,000</u> | <u>\$ 730,760</u> | <u>\$ 6,030,760</u> |

A schedule of changes in debt is as follows:

|                               | Beginning<br>Balance<br>1/1/19 | Additions   | Reductions        | Ending<br>Balance<br>12/31/19 | Amounts<br>Due Within<br>One Year |
|-------------------------------|--------------------------------|-------------|-------------------|-------------------------------|-----------------------------------|
| Governmental Activities:      |                                |             |                   |                               |                                   |
| 2016 General Obligation Bonds | <u>\$ 5,815,000</u>            | <u>\$ -</u> | <u>\$ 515,000</u> | <u>\$ 5,300,000</u>           | <u>\$ 535,000</u>                 |

For the year ended December 31, 2019, interest paid for the governmental activities was \$149,115.

NOTE 5 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over the Budget

For the year ended December 31, 2019, the Township incurred expenditures in excess of the budget in the following functions:

General Fund

|                |           |
|----------------|-----------|
| Public safety  | \$ 53,625 |
| Other expenses | \$ 540    |

WEST VINCENT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

Liquid Fuels Fund

|                                     |    |        |
|-------------------------------------|----|--------|
| General government                  | \$ | 15     |
| Public works – highways and streets | \$ | 11,037 |

The excess expenditures were covered by revenues exceeding budgeted amounts, other expenditure category appropriations which did not exceed their budgets, and by prior year fund balance reserves.

NOTE 6     SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Township's income in 2020. Other financial impact could occur though such potential impact is unknown at this time.

The Township has evaluated all subsequent events through May 19, 2020, the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**WEST VINCENT TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - ROAD IMPROVEMENT  
AND CAPITAL PROJECTS FUNDS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | Original<br>and Final<br>Budget | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|---|------------------------------------|
| REVENUES   |                                 |   |                                    |
| Interest, rents, and royalties                               | \$ 100,000                      | \$ 88,223                                 | \$ (11,777)                        |
| TOTAL REVENUES   | <u>100,000</u>                  | <u>88,223</u>                             | <u>(11,777)</u>                    |
| EXPENDITURES   |                                 |   |                                    |
| Current:   |                                 |   |                                    |
| General government   | 150,000                         | 110,505                                   | 39,495                             |
| Public works - highways and streets                          | <u>1,350,000</u>                | <u>289,447</u>                            | <u>1,060,553</u>                   |
| TOTAL EXPENDITURES   | <u>1,500,000</u>                | <u>399,952</u>                            | <u>1,100,048</u>                   |
| EXCESS (DEFICIENCY) OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(1,400,000)</u>              | <u>(311,729)</u>                          | <u>1,088,271</u>                   |
| OTHER FINANCING SOURCES                                      |                                 |   |                                    |
| Appropriated fund balance                                    | 1,500,000                       | -   | (1,500,000)                        |
| Refunds of prior year expenditures                           | -                               | 10  | 10                                 |
| TOTAL OTHER FINANCING SOURCES                                | <u>1,500,000</u>                | <u>10</u>                                 | <u>(1,499,990)</u>                 |
| NET CHANGE IN FUND BALANCE                                   | 100,000                         | (311,719)                                 | (411,719)                          |
| FUND BALANCE, BEGINNING OF YEAR                              | <u>6,503,905</u>                | <u>6,503,905</u>                          | <u>-</u>                           |
| FUND BALANCE, END OF YEAR                                    | <u>\$ 6,603,905</u>             | <u>\$ 6,192,186</u>                       | <u>\$ (411,719)</u>                |

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