



WEST VINCENT TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2021

WEST VINCENT TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

October 7, 2022

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified accrual basic 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, 2021, and the related notes to the financial statements, which collectively comprise West Vincent Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified accrual financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of West Vincent Township, Chester Springs, Pennsylvania as of December 31, 2021, and the respective changes in modified accrual financial position, and the respective modified accrual budgetary comparisons for the general fund, liquid fuels fund, and open space fund for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Vincent Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Supervisors
West Vincent Township

Emphasis of Matter – 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 modified accrual 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.

Responsibilities of Management for the Financial Statements

West Vincent Township's management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Vincent Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Vincent Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

To the Board of Supervisors
West Vincent Township

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Vincent Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited West Vincent Township's December 31, 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated August 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 management's discussion and analysis and budgetary comparison schedule - road improvement and capital projects funds - modified accrual 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, capital equipment, and capital projects funds - modified accrual 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, capital equipment, and capital projects funds - modified accrual 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.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


BARBACANE, THORNTON & COMPANY LLP

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

This discussion and analysis of West Vincent Township (“the Township”), Chester Springs, Pennsylvania, provides an overview of the Township’s financial performance for the year ended December 31, 2021. Please read it in conjunction with the Township’s financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- **Assets** – The assets of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,639,014 (representing its net position).
- **Cash and cash equivalents** – Total Township assets (excluding assets held in fiduciary funds) included \$11,921,373 in cash and cash equivalents.
- **Governmental fund balances** – As of December 31, 2021, the Township’s governmental funds combined ending fund balances of \$11,601,673, which was \$656,149 more than the prior year. Of this total, \$988,600 is in the General Fund and is unassigned (available for spending at the Township’s discretion).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position - Modified Accrual Basis and Statement of Activities - Modified Accrual Basis on pages 12 and 13 provide information about the activities of the Township as a whole. Fund financial statements start on page 14 and include governmental, proprietary, and fiduciary funds. These statements explain how services were financed in the short term as well as what remains for future spending. The governmental and proprietary fund financial statements also report the Township’s operations in more detail than the entity-wide statements by providing information about the Township’s most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee.

Reporting the Township as a Whole

Statement of Net Position and Statement of Activities

The analysis of the Township as a whole begins on pages 12 and 13 with the Statement of Net Position - Modified Accrual Basis and the Statement of Activities - Modified Accrual Basis.

These statements provide information that will help the reader to determine if the Township is financially better or worse off as a result of the year’s activities. These statements include all assets and liabilities using the modified accrual basis of accounting. Revenues are recognized when measurable and available, and expenditures are generally recognized when incurred with the exception of long-term liabilities such as bonds payable and compensated absences. The reader can think of the Township’s net position as one way to measure the Township’s financial health or financial position. Over time, increases or decreases in the Township’s net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as changes in the Township’s property base and employment and the condition of the Township’s assets, to assess the overall health of the Township.

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

In the Statement of Net Position - Modified Accrual Basis and the Statement of Activities - Modified Accrual Basis, the Township is divided into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the police, fire, general administration, public works, parks, and recreation. Earned income taxes, property taxes, intergovernmental revenues, and permit fees finance most of these activities.
- **Business-type Activities** – The Township charges a fee to customers to cover the cost of certain services it provides. The Township's sewer activities are reported here.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Our analysis of the Township's major funds provides detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for money designated for special use (e.g., Capital Projects Fund). The Township has three kinds of funds – **governmental, proprietary, and fiduciary** – which all report using the modified accrual basis of accounting.

Governmental Funds – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations which follow the fund financial statements.

Proprietary Fund – When the Township charges customers for the sewer services it provides, these services are reported in the proprietary fund. The proprietary fund is reported in the same way that all activities are reported in the Statement of Net Position - Modified Accrual Basis and the Statement of Activities - Modified Accrual Basis.

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in a separate Statement Net Position - Fiduciary Fund - Modified Accrual Basis and Statement of Changes in Net Position - Fiduciary Fund - Modified Accrual Basis. These activities are excluded from

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets totaling \$12,271,302 exceeded liabilities by \$11,639,014 at the close of 2021, as reflected in the Statement of Net Position - Modified Accrual Basis, an improvement of \$653,977 from the prior year.

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities.

**Table 1
STATEMENT OF NET POSITION
December 31, 2021 and 2020**

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
Assets:				
Cash and cash equivalents	\$ 11,861,820	\$ 59,553	\$ 11,921,373	\$ 10,470,440
Accounts receivable	346,689	3,240	349,929	780,905
Total Assets	<u>\$ 12,208,509</u>	<u>\$ 62,793</u>	<u>\$ 12,271,302</u>	<u>11,251,345</u>
Liabilities:				
Accounts payable and accrued payroll	\$ 297,486	\$ 25,452	\$ 322,938	\$ 266,328
Unearned revenue	309,350	-	309,350	-
Total Liabilities	<u>\$ 606,836</u>	<u>\$ 25,452</u>	<u>\$ 632,288</u>	<u>266,328</u>
Net Position:				
Restricted	\$ 2,603,391	\$ -	\$ 2,603,391	\$ 2,361,495
Unrestricted	8,998,282	37,341	9,035,623	8,623,522
Total Net Position	<u>\$ 11,601,673</u>	<u>\$ 37,341</u>	<u>\$ 11,639,014</u>	<u>\$ 10,985,017</u>

The majority of Township assets consist of cash and cash equivalents in the amount of \$11,921,373. Total liabilities include \$322,938 in accounts payable and accrued payroll.

The Township's unrestricted governmental activities net position of \$8,998,282 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in net position, both for the government as a whole and for its business-type activities.

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

Governmental Activities

As reported in Table 2, the increase in net position from the Township's governmental activities was \$653,997 for the year ended December 31, 2021.

Table 2
STATEMENT OF CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
REVENUES				
Program revenues:				
Charges for services	\$ 518,735	\$ 145,909	\$ 664,644	\$ 740,820
Operating grants and contributions	392,927	-	392,927	410,595
General revenues:				
Real estate taxes	1,230,001	-	1,230,001	1,262,747
Real estate transfer taxes	418,258	-	418,258	289,177
Earned income taxes	2,972,568	-	2,972,568	2,982,357
Interest, rents, and royalties	17,758	-	17,758	163,908
Licenses and permits	78,456	-	78,456	75,071
Fines and forfeits	12,428	-	12,428	15,980
Proceeds from sale of fixed assets	19,100	-	19,100	-
Proceeds from debt issuance	500,000	-	500,000	-
Other	80,011	-	80,011	38,412
TOTAL REVENUES	6,240,242	145,909	6,386,151	5,979,068
EXPENDITURES				
General government	983,014	-	983,014	\$ 770,096
Public safety	2,201,994	-	2,201,994	2,102,165
Public works	1,325,910	-	1,325,910	853,889
Health and human services	1,711	-	1,711	1,653
Culture and recreation	86,495	-	86,495	927,329
Community development	296,087	-	296,087	68,000
Other expenditures	26,519	-	26,519	6,067
Debt service	662,363	-	662,363	663,412
Sewer operations	-	148,061	148,061	140,225
TOTAL EXPENDITURES	5,584,093	148,061	5,732,154	5,532,836
INCREASE (DECREASE) IN NET POSITION	656,149	(2,152)	653,977	446,232
NET POSITION, BEGINNING OF YEAR	10,945,524	39,493	10,985,017	10,538,785
NET POSITION, END OF YEAR	\$ 11,601,673	\$ 37,341	\$ 11,639,014	\$ 10,985,017

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

The cost of all governmental activities in 2021 was \$5,584,093. This cost was funded primarily by tax revenue of \$4,620,827, including the earned income tax, real estate taxes, and real estate transfer taxes. Charges for services, including permits, accounted for an additional \$518,735 in revenue, and intergovernmental revenue accounted for another \$392,927.

As indicated by governmental activities expenditures, public safety programs account for \$2,201,994, or approximately thirty-nine percent (39%) of the total expenditures of the Township's governmental activities. Public safety includes the police department, the Township's emergency management services, and contributions to the local fire departments which provide services to the Township. General administration, highways and streets services, culture and recreation, community development and debt service account for approximately eighteen percent (18%), twenty-four percent (24%), two (2%), five (5%) and twelve (12%) respectively, of the total governmental activities expenditures for 2021.

Real estate taxes, earned income taxes, and other general revenues not designated for specific programs provide the major revenue sources for governmental activities. The earned income tax is the largest revenue source for governmental activities and accounted for \$2,972,568, or forty-eight percent (48%) of all governmental activity revenue in 2021. Charges for services and grants, real estate taxes, and real estate transfer taxes provided fifteen percent (15%), twenty percent (20%), and seven percent (7%), respectively, of total governmental activity revenue.

Business-type (Proprietary Funds) Activities

As reflected in Table 2, sewer operating expenditures totaled \$148,061 for 2021.

As also reflected in the Statement of Net Position, total assets for the business-type activities as of December 31, 2021 were \$62,793. This included \$59,553 in cash and cash equivalents, and \$3,240 in accounts receivable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As shown on pages 14 and 15, as of December 31, 2021, the Township's governmental funds reported combined ending fund balances of \$11,601,673, an increase of \$656,149 from the prior year.

Approximately nine percent (9%), or \$988,600, is an unassigned fund balance in the General Fund, which means that it is available for spending at the Township's discretion. The remainder of the fund balance is either assigned or restricted, which means that it is not available for new spending because it has been assigned or restricted for capital improvements, open space, or other special purposes.

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

Major funds maintained by the Township include the following:

The **General Fund** is the chief operating fund of the Township. As of December 31, 2021, the total fund balance of the General Fund was \$988,600, a \$2,245,203 decrease from 2020 due to expenditures and transfers exceeding revenues. The change in fund balance was an increase of \$627,797 prior to \$2,873,000 in transfers to the Road Improvement, Capital Projects, and Capital Equipment funds. As stated above, all of the General Fund's fund balance is "unassigned."

The **Liquid Fuels Fund** accounts for expenditures of state grants related to the liquid fuels program. The total fund balance as of December 31, 2021 was \$79,197, an increase of \$57,278 from 2020 due primarily to grant revenues exceeding expenditures in the current year.

The **Open Space Fund** provides funding for acquisition and maintenance of open space in which taxes are specifically levied. The total fund balance as of December 31, 2021 was \$2,524,142, an increase of \$184,566 from 2020 due primarily to earned income tax revenues exceeding expenditures for open space in the current year.

The **Road Improvement Fund** provides funding for capital road improvements which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. The total fund balance as of December 31, 2021 was \$5,176,012, an increase of \$459,246 from 2020 due primarily to transfers from the general fund exceeding expenditures for capital outlays.

The **Capital Projects Fund** provides funding for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. The total fund balance as of December 31, 2021 was \$2,384,678, an increase of \$1,751,218 from 2020 due primarily to a transfer from the general fund.

The **American Rescue Plan Act (ARPA) Fund** accounts for federal funds received under the American Rescue Plan Act and the related expenditure of those funds. As of December 31, 2021, \$309,350 in ARPA funds have been received and recorded as unearned revenue. The revenue will be recognized once eligible expenditures are incurred by the Township. Fund balance of \$52 in this fund represents interest earned on these unspent funds.

The **Capital Equipment Fund** is used to account for resources to be used for capital equipment purchases which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. This fund was created in 2021. The total fund balance as of December 31, 2021 was \$448,992, which was primarily the result of the proceeds of a note and a transfer from the general fund exceeding expenditures.

Proprietary Fund – The Township's proprietary fund provides the same type of information found in the entity-wide financial statements, but in more detail.

The unrestricted net position of the proprietary fund at the end of the year, as reported on page 19, amounted to \$37,341.

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's General Fund budget and actual results can be found on page 16 of the financial statements.

During 2021, there were no revisions to the original approved General Fund budget.

The 2021 budget for the General Fund anticipated that revenues would exceed expenditures and other financing uses by \$308,454; however, the Township ended the year with actual expenditures and other financing uses exceeding revenues and other financing sources by \$2,245,203.

This budget variance was due primarily to:

- Revenue exceeding the budget by \$389,168.
- Expenditures exceeding the budget by \$196,656.
- Transfers out exceeding the budget by \$2,750,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The Township sold its wastewater collection and treatment systems to Bucks County Water and Sewer Authority ("BCWSA") in April 2018. The exception to the asset transfer is the collection system that is still under construction in the Pulte land development (Courts of Chester Springs). Under an agreement with BCWSA and Pulte, the Township collects the user fees from the residents, retains a five percent (5%) administrative fee, and forwards the balance to the BCWSA. The agreement will terminate upon the acceptance of the system by the Township. In accordance with the asset transfer agreement with the BCWSA, the system will become part of the BCWSA upon acceptance of the improvements by the Township. It is anticipated that the system will be accepted by the Township in 2022.
- The Township has been informed that it will receive \$618,700 from the federal government through the Coronavirus Local Fiscal Recovery Fund, under the American Rescue Plan Act of 2021 (ARPA). This amount will be distributed to the Township by the state in two payments: \$309,350 was received in 2021 and another \$309,350 will be received twelve (12) months later, in 2022. The funding objectives are strictly to support urgent COVID-19 response efforts, replace lost public-sector revenue, support immediate economic stabilization, and/or address systemic public health and economic challenges. The Treasury Department has set strict rules tightening how these funds may be used in these categories. The Township will have until December 31, 2024, to obligate the funds and until December 31, 2026, to spend them.
- The worldwide COVID-19 pandemic is expected to continue to have an effect on the Township's operations during 2022.

WEST VINCENT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

This financial report is designed to provide a general overview of West Vincent Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Treasurer, West Vincent Township, 729 St. Matthews Road, Chester Springs, PA 19425. General information relating to West Vincent Township can be found on its website, <https://www.westvincentwp.org>.

WEST VINCENT TOWNSHIP
STATEMENT OF NET POSITION - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021
(With Summarized Comparative Data for December 31, 2020)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 11,861,820	\$ 59,553	\$ 11,921,373	\$ 10,470,440
Accounts receivable	<u>346,689</u>	<u>3,240</u>	<u>349,929</u>	<u>780,905</u>
TOTAL ASSETS	<u><u>\$ 12,208,509</u></u>	<u><u>\$ 62,793</u></u>	<u><u>\$ 12,271,302</u></u>	<u><u>\$ 11,251,345</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 244,429	\$ 25,452	\$ 269,881	\$ 205,879
Accrued payroll	53,057	-	53,057	60,449
Unearned revenue	<u>309,350</u>	<u>-</u>	<u>309,350</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>606,836</u></u>	<u><u>25,452</u></u>	<u><u>632,288</u></u>	<u><u>266,328</u></u>
NET POSITION:				
Restricted	2,603,391	-	2,603,391	2,361,495
Unrestricted	<u>8,998,282</u>	<u>37,341</u>	<u>9,035,623</u>	<u>8,623,522</u>
TOTAL NET POSITION	<u><u>11,601,673</u></u>	<u><u>37,341</u></u>	<u><u>11,639,014</u></u>	<u><u>10,985,017</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 12,208,509</u></u>	<u><u>\$ 62,793</u></u>	<u><u>\$ 12,271,302</u></u>	<u><u>\$ 11,251,345</u></u>

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

WEST VINCENT TOWNSHIP
STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	Program Revenues			Net (Expenditure) Revenue and Changes in Net Position		Totals	
	Expenditures	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	2021	2020
GOVERNMENTAL ACTIVITIES							
General government	\$ 983,014	\$ 286,320	\$ 105,154	\$ (591,540)	\$ -	\$ (591,540)	\$ (319,542)
Public safety	2,201,994	227,340	47,409	(1,927,245)	-	(1,927,245)	(1,824,769)
Public works	1,325,910	470	240,364	(1,085,076)	-	(1,085,076)	(600,393)
Health and human services	1,711	-	-	(1,711)	-	(1,711)	(1,653)
Culture and recreation	86,495	4,605	-	(81,890)	-	(81,890)	(923,341)
Community development	296,087	-	-	(296,087)	-	(296,087)	(68,000)
Other expenditures	26,519	-	-	(26,519)	-	(26,519)	(6,067)
Debt service	662,363	-	-	(662,363)	-	(662,363)	(663,412)
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,584,093</u>	<u>518,735</u>	<u>392,927</u>	<u>(4,672,431)</u>	<u>-</u>	<u>(4,672,431)</u>	<u>(4,407,177)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer operations	148,061	145,909	-	-	(2,152)	(2,152)	25,756
TOTAL BUSINESS-TYPE ACTIVITIES	<u>148,061</u>	<u>145,909</u>	<u>-</u>	<u>-</u>	<u>(2,152)</u>	<u>(2,152)</u>	<u>25,756</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,732,154</u>	<u>\$ 664,644</u>	<u>\$ 392,927</u>	<u>(4,672,431)</u>	<u>(2,152)</u>	<u>(4,674,583)</u>	<u>(4,381,421)</u>
GENERAL REVENUES							
Taxes:							
Real estate taxes				1,230,001	-	1,230,001	1,262,747
Real estate transfer taxes				418,258	-	418,258	289,177
Earned income taxes				2,972,568	-	2,972,568	2,982,357
Interest, rents, and royalties				17,758	-	17,758	163,908
Licenses and permits				78,456	-	78,456	75,071
Fines and forfeits				12,428	-	12,428	15,980
Proceeds from the sale of capital assets				19,100	-	19,100	-
Proceeds from debt issuance				500,000	-	500,000	-
Other				80,011	-	80,011	38,413
TOTAL GENERAL REVENUES				<u>5,328,580</u>	<u>-</u>	<u>5,328,580</u>	<u>4,827,653</u>
CHANGE IN NET POSITION				656,149	(2,152)	653,997	446,232
NET POSITION, BEGINNING OF YEAR				<u>10,945,524</u>	<u>39,493</u>	<u>10,985,017</u>	<u>10,538,785</u>
NET POSITION, END OF YEAR				<u>\$ 11,601,673</u>	<u>\$ 37,341</u>	<u>\$ 11,639,014</u>	<u>\$ 10,985,017</u>

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

WEST VINCENT TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021
(With Summarized Comparative Data for December 31, 2020)

	General Fund	Liquid Fuels Fund	Open Space Fund	Road Improvement Fund	Capital Projects Fund	American Rescue Plan Act Fund	Capital Equipment Fund	Total Governmental Funds	
								2021	2020
ASSETS									
Cash and cash equivalents	\$ 871,241	\$ 80,889	\$ 2,486,777	\$ 5,226,738	\$ 2,429,387	\$ 309,402	\$ 457,386	\$ 11,861,820	\$ 10,407,346
Accounts receivable	307,877	-	38,812	-	-	-	-	346,689	761,039
Due from other funds	-	-	-	-	-	-	1,447	1,447	-
TOTAL ASSETS	\$ 1,179,118	\$ 80,889	\$ 2,525,589	\$ 5,226,738	\$ 2,429,387	\$ 309,402	\$ 458,833	\$ 12,209,956	\$ 11,168,385
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 137,461	\$ 1,692	\$ -	\$ 50,726	\$ 44,709	\$ -	\$ 9,841	\$ 244,429	\$ 162,412
Accrued payroll	53,057	-	-	-	-	-	-	53,057	60,449
Unearned revenue	-	-	-	-	-	309,350	-	309,350	-
Due to other funds	-	-	1,447	-	-	-	-	1,447	-
LIABILITIES	190,518	1,692	1,447	50,726	44,709	309,350	9,841	608,283	222,861
FUND BALANCES									
Restricted for:									
Highways and streets	-	79,197	-	-	-	-	-	79,197	21,919
Open space	-	-	2,524,142	-	-	-	-	2,524,142	2,339,576
ARPA program	-	-	-	-	-	52	-	52	-
Assigned for:									
Capital projects	-	-	-	5,176,012	2,384,678	-	448,992	8,009,682	5,350,226
Restricted	-	-	-	-	-	-	-	-	5,350,227
Unassigned	988,600	-	-	-	-	-	-	988,600	3,233,803
TOTAL FUND BALANCES	988,600	79,197	2,524,142	5,176,012	2,384,678	52	448,992	11,601,673	10,945,524
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,179,118	\$ 80,889	\$ 2,525,589	\$ 5,226,738	\$ 2,429,387	\$ 309,402	\$ 458,833	\$ 12,209,956	\$ 11,168,385

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 - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	General Fund	Liquid Fuels Fund	Open Space Fund	Road Improvement Fund	Capital Projects Fund	American Rescue Plan Act Fund	Capital Equipment Fund	Total Governmental Funds	
								2021	2020
REVENUES									
Taxes:									
Real estate tax	\$ 1,230,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230,001	\$ 1,262,747
Transfer tax	418,258	-	-	-	-	-	-	418,258	289,177
Earned income tax	2,011,572	-	960,996	-	-	-	-	2,972,568	2,982,357
Licenses and permits	78,456	-	-	-	-	-	-	78,456	75,071
Fines and forfeits	12,428	-	-	-	-	-	-	12,428	15,980
Interest, rents, and royalties	9,699	69	4,625	2,131	1,134	52	48	17,758	163,908
Intergovernmental revenues	153,373	239,554	-	-	-	-	-	392,927	410,595
Charges for services	518,735	-	-	-	-	-	-	518,735	574,839
Miscellaneous revenue/other	75,596	-	500	-	84	-	-	76,180	27,399
TOTAL REVENUES	4,508,118	239,623	966,121	2,131	1,218	52	48	5,717,311	5,802,073
EXPENDITURES									
Current:									
General government	754,178	-	-	226,232	-	-	2,604	983,014	770,096
Public safety	2,100,810	-	-	-	-	-	101,184	2,201,994	2,102,165
Health and human services	1,711	-	-	-	-	-	-	1,711	1,653
Public works - highways and streets	742,868	182,345	-	316,653	-	-	84,044	1,325,910	853,889
Culture and recreation	86,495	-	-	-	-	-	-	86,495	927,329
Community development	15,056	-	281,031	-	-	-	-	296,087	68,000
Other expenditures	23,208	-	811	-	-	-	2,500	26,519	6,067
Debt service:									
Principal	130,000	-	415,000	-	-	-	-	545,000	535,000
Interest	29,826	-	84,713	-	-	-	2,824	117,363	128,412
TOTAL EXPENDITURES	3,884,152	182,345	781,555	542,885	-	-	193,156	5,584,093	5,392,611
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	623,966	57,278	184,566	(540,754)	1,218	52	(193,108)	133,218	409,462
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of capital assets	-	-	-	-	-	-	19,100	19,100	-
Refund of prior year expenditures	3,831	-	-	-	-	-	-	3,831	11,014
Proceeds from debt issuance	-	-	-	-	-	-	500,000	500,000	-
Transfers in	-	-	-	1,000,000	1,750,000	-	123,000	2,873,000	-
Transfers out	(2,873,000)	-	-	-	-	-	-	(2,873,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,869,169)	-	-	1,000,000	1,750,000	-	642,100	522,931	11,014
NET CHANGE IN FUND BALANCES	(2,245,203)	57,278	184,566	459,246	1,751,218	52	448,992	656,149	420,476
FUND BALANCES, BEGINNING OF YEAR	3,233,803	21,919	2,339,576	4,716,766	633,460	-	-	10,945,524	10,525,048
FUND BALANCES, END OF YEAR	\$ 988,600	\$ 79,197	\$ 2,524,142	\$ 5,176,012	\$ 2,384,678	\$ 52	\$ 448,992	\$ 11,601,673	\$ 10,945,524

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

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Real estate tax	\$ 1,358,800	\$ 1,230,001	\$ (128,799)
Transfer tax	280,000	418,258	138,258
Earned income tax	1,900,000	2,011,572	111,572
Licenses and permits	84,200	78,456	(5,744)
Fines and forfeits	15,000	12,428	(2,572)
Interest, rents, and royalties	30,500	9,699	(20,801)
Intergovernmental revenues	162,900	153,373	(9,527)
Charges for services	285,550	518,735	233,185
Miscellaneous revenue/other	2,000	75,596	73,596
TOTAL REVENUES	<u>4,118,950</u>	<u>4,508,118</u>	<u>389,168</u>
EXPENDITURES			
Current:			
General government	641,087	754,178	(113,091)
Public safety	1,886,398	2,100,810	(214,412)
Health and human services	9,325	1,711	7,614
Public works - highways and streets	855,424	742,868	112,556
Culture and recreation	91,450	86,495	4,955
Community development	33,450	15,056	18,394
Other expenses	10,352	23,208	(12,856)
Debt service:			
Principal	130,000	130,000	-
Interest	30,010	29,826	184
TOTAL EXPENDITURES	<u>3,687,496</u>	<u>3,884,152</u>	<u>(196,656)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>431,454</u>	<u>623,966</u>	<u>192,512</u>
OTHER FINANCING SOURCES (USES)			
Refunds of prior year expenditures	-	3,831	3,831
Transfer out	(123,000)	(2,873,000)	(2,750,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(123,000)</u>	<u>(2,869,169)</u>	<u>(2,746,169)</u>
NET CHANGE IN FUND BALANCE	308,454	(2,245,203)	(2,553,657)
FUND BALANCE, BEGINNING OF YEAR	<u>3,233,803</u>	<u>3,233,803</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,542,257</u>	<u>\$ 988,600</u>	<u>\$ (2,553,657)</u>

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

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - LIQUID FUELS FUND - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest, rents, and royalties	\$ 300	\$ 69	\$ (231)
Intergovernmental revenues	179,480	239,554	60,074
TOTAL REVENUES	<u>179,780</u>	<u>239,623</u>	<u>59,843</u>
EXPENDITURES			
Current:			
Public works - highways and streets	179,750	182,345	(2,595)
TOTAL EXPENDITURES	<u>179,750</u>	<u>182,345</u>	<u>(2,595)</u>
NET CHANGE IN FUND BALANCE	30	57,278	57,248
FUND BALANCE, BEGINNING OF YEAR	<u>21,919</u>	<u>21,919</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,914</u>	<u>\$ 79,197</u>	<u>\$ 57,248</u>

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

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON STATEMENT - OPEN SPACE FUND - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Earned income taxes	\$ 845,000	\$ 960,996	\$ 115,996
Interest, rents, and royalties	20,000	4,625	(15,375)
Miscellaneous revenue/other	-	500	500
TOTAL REVENUES	<u>865,000</u>	<u>966,121</u>	<u>101,121</u>
EXPENDITURES			
Current:			
Community development	50,000	281,031	(231,031)
Other expenditures	415,000	811	414,189
Debt service:			
Principal	415,000	415,000	-
Interest	82,455	84,713	(2,258)
TOTAL EXPENDITURES	<u>962,455</u>	<u>781,555</u>	<u>180,900</u>
NET CHANGE IN FUND BALANCE	(97,455)	184,566	282,021
FUND BALANCE, BEGINNING OF YEAR	<u>2,339,576</u>	<u>2,339,576</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,242,121</u>	<u>\$ 2,524,142</u>	<u>\$ 282,021</u>

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

WEST VINCENT TOWNSHIP
STATEMENTS OF NET POSITION - PROPRIETARY FUND - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021 AND 2020

	Sewer Fund	
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 59,553	\$ 63,094
Accounts receivable	3,240	19,866
	<u>\$ 62,793</u>	<u>\$ 82,960</u>
TOTAL ASSETS	<u>\$ 62,793</u>	<u>\$ 82,960</u>
LIABILITIES AND NET POSITION		
Accounts payable and accrued expenses	\$ 25,452	\$ 43,467
	<u>25,452</u>	<u>43,467</u>
LIABILITIES	<u>25,452</u>	<u>43,467</u>
NET POSITION		
Unrestricted Net Position	37,341	39,493
	<u>37,341</u>	<u>39,493</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 62,793</u>	<u>\$ 82,960</u>

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

WEST VINCENT TOWNSHIP
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND - MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Sewer Fund	
	2021	2020
OPERATING REVENUES		
Charges for services	\$ 145,909	\$ 165,981
TOTAL OPERATING REVENUES	145,909	165,981
OPERATING EXPENDITURES		
Wastewater collection and treatment	148,061	140,225
TOTAL OPERATING EXPENDITURES	148,061	140,225
CHANGE IN NET POSITION	(2,152)	25,756
NET POSITION, BEGINNING OF YEAR	39,493	13,737
NET POSITION, END OF YEAR	\$ 37,341	\$ 39,493

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

WEST VINCENT TOWNSHIP
STATEMENTS OF NET POSITION - FIDUCIARY FUND - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021 AND 2020

	Escrow Fund	
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 317,141	\$ 236,024
TOTAL ASSETS	\$ 317,141	\$ 236,024
LIABILITIES	\$ -	\$ -
NET POSITION		
Net position - unrestricted	317,141	236,024
TOTAL LIABILITIES AND NET POSITION	\$ 317,141	\$ 236,024

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

WEST VINCENT TOWNSHIP
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND - MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Escrow Fund	
	2021	2020
ADDITIONS		
Developer deposits	\$ 110,724	\$ 24,054
TOTAL ADDITIONS	110,724	24,054
DEDUCTIONS		
Developer deposits released	29,607	118,292
TOTAL DEDUCTIONS	29,607	118,292
CHANGE IN NET POSITION	81,117	(94,238)
NET POSITION, BEGINNING OF YEAR	236,024	330,262
NET POSITION, END OF YEAR	\$ 317,141	\$ 236,024

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

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 - modified accrual basis and the statement of activities - modified accrual basis) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

If applicable, property tax receivables collected after 60 days from year end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded as deferred inflows of resources until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. In addition, certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period.

The financial statements utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. 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 - modified accrual basis, statement of activities - modified accrual basis, and the fund financial statements - modified accrual basis, governmental and business-type activities are presented using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

- 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.
- *American Rescue Plan Act Fund* is a special revenue fund that accounts for federal funds received under the American Rescue Plan Act and the related expenditure of those funds.
- *The Capital Equipment Fund* is used to account for resources to be used for capital equipment acquisitions.

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 *Escrow Fund* is a custodial 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

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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 ten 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 modified accrual 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.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

- 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.
- Unassigned 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 modified accrual basis of accounting for all funds except for the American Rescue Plan Act Fund . 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.

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the carrying amount of the Township's deposits was \$12,238,514, and the bank balance was \$12,259,524, the difference being outstanding checks and deposits in transit. Of the bank balance, \$279,387 was covered by federal depository insurance, and \$6,307,096 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.

The remaining \$5,673,041 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, 2021), and is subject to an independent annual audit.

NOTE 3 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.

During 2021, the Township issued General Obligation Notes, Series 2021 A in the amount of \$500,000. The notes will mature through March 2026 with interest ranging from 0 percent to 0.753 percent. Interest is paid monthly, and annual principal payments are made each March.

The schedule of future principal maturities and annual interest at December 31, 2021 is as follows:

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 LONG-TERM DEBT (cont'd)

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2022	\$ 664,000	\$ 93,871	\$ 757,871
2023	684,000	81,825	765,825
2024	515,000	69,374	584,374
2025	461,000	60,316	521,316
2026	466,000	52,355	518,355
2027 - 2031	<u>1,930,000</u>	<u>182,845</u>	<u>2,112,845</u>
	<u>\$ 4,720,000</u>	<u>\$ 540,586</u>	<u>\$ 5,260,586</u>

A schedule of changes in debt is as follows:

	<u>Beginning Balance 1/1/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/21</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
2016 General Obligation Bonds	\$ 4,765,000	\$ -	\$ 545,000	\$ 4,220,000	\$ 565,000
2021A General Obligation Notes	-	500,000	-	500,000	99,000
	<u>\$ 4,765,000</u>	<u>\$ 500,000</u>	<u>\$ 545,000</u>	<u>\$ 4,720,000</u>	<u>\$ 664,000</u>

For the year ended December 31, 2021, interest paid for the governmental activities was \$117,363.

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over the Budget

For the year ended December 31, 2021, the Township incurred expenditures in excess of the budget in the following functions:

General Fund

General government	\$ 113,091
Public safety	\$ 214,412
Other expenses	\$ 12,856

WEST VINCENT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

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

Liquid Fuels Fund

Publics works - highways	\$	2,595
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The excess expenditures were covered by revenues exceeding budgeted amounts.

Open Space Fund

Community Development	\$	231,031
Interest	\$	2,258

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

NOTE 5 UNCERTAINTY

As a result of the spread of the COVID-19 coronavirus which is ongoing at December 31, 2021, economic and operational uncertainties have arisen which may impact the Township in 2022. There exist uncertainties surrounding the Township's operations which will have a direct impact on revenue and expenditure items. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 6 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through October 7, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**WEST VINCENT TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - ROAD IMPROVEMENT, CAPITAL EQUIPMENT,
AND CAPITAL PROJECTS FUNDS - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES			
Interest, rents, and royalties	\$ 123,000	\$ 3,397	\$ (119,603)
State grants	200,000	-	(200,000)
TOTAL REVENUES	<u>323,000</u>	<u>3,397</u>	<u>(319,603)</u>
EXPENDITURES			
Current:			
General government	421,500	228,836	192,664
Public safety	-	101,184	(101,184)
Public works - highways and streets	1,056,800	400,697	656,103
Community development	-	2,500	(2,500)
Debt service	13,000	2,824	10,176
TOTAL EXPENDITURES	<u>1,491,300</u>	<u>736,041</u>	<u>745,083</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	20,000	19,100	900
Transfer in	123,000	2,873,000	(2,750,000)
Proceeds from bond issuance	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES	<u>643,000</u>	<u>3,392,100</u>	<u>(2,750,000)</u>
NET CHANGE IN FUND BALANCE	(525,300)	2,659,456	3,184,756
FUND BALANCE, BEGINNING OF YEAR	<u>5,350,226</u>	<u>5,350,226</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,824,926</u>	<u>\$ 8,009,682</u>	<u>\$ 3,184,756</u>