

SOUTH COVENTRY TOWNSHIP

December 31, 2022

ROBERT C. BEZGIN
CERTIFIED PUBLIC ACCOUNTANT

SOUTH COVENTRY TOWNSHIP

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
South Coventry Township
Pottstown, Pennsylvania

Opinions

I have audited the accompanying financial statements of South Coventry Township, Pennsylvania which comprise cash and unencumbered cash balances for each fund as of December 31, 2022, and the related statements of cash receipts and disbursements for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of South Coventry Township, Pennsylvania as of December 31, 2022, and the cash receipts and cash disbursements for the year then ended, in accordance with the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of my report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of South Coventry Township, Pennsylvania, as of December 31, 2022, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of South Coventry Township, Pennsylvania, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by South Coventry Township, Pennsylvania, on the basis of the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Department of Community and Economic Development of the Commonwealth of Pennsylvania. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania. 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 Responsibilities for the Audit of the Financial Statements

My 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 my opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

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

I am 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 I identified during the audit.

Robert C. Bezgin, CPA

Robert C. Bezgin, CPA

February 28, 2023

**2022 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

151445 SOUTH COVENTRY TWP, CHESTER COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

SOUTH COVENTRY TWP, CHESTER County
BALANCE SHEET
 December 31, 2022

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	2,094,451	12,623			752,151					2,859,225
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	6,920									6,920
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets								2,618,707		2,618,707
180-189	Other Debits										
Total Assets and Other Debits		2,101,371	12,623			752,151			2,618,707		5,484,852

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	809									809
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds					6,920					6,920

SOUTH COVENTRY TWP, CHESTER County

BALANCE SHEET

December 31, 2022

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		809				6,920					7,729

Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	2,100,562	12,623			745,231			2,618,707		5,477,123
291-299	Other Equity										
Total Fund and Account Group Equity		2,100,562	12,623			745,231			2,618,707		5,477,123

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											5,484,852
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SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes

301.00	Real Estate Taxes	90,271						90,271
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	76,827						76,827
310.20	Earned Income Taxes / Wage Taxes	626,661						626,661
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	52,752						52,752
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		846,511						846,511

Licenses and Permits

320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees	51,921						51,921
Total Licenses and Permits		51,921						51,921

Fines and Forfeits

330-332	Fines and Forfeits	2,454						2,454
Total Fines and Forfeits		2,454						2,454

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	16,159	801			9,073		26,033
342.00	Rents and Royalties	135,629						135,629
Total Interest, Rents and Royalties		151,788	801			9,073		161,662

Federal								
351.03	Highways and Streets							
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements	139,090						139,090
353.00	Federal Payments in Lieu of Taxes							
Total Federal		139,090						139,090

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	823						823
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		102,019					102,019
355.04	Alcoholic Beverage Licenses	200						200
355.05	General Municipal Pension System State Aid							
355.07	Foreign Fire Insurance Tax Distribution	21,365						21,365
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	1,710						1,710
Total State		24,098	102,019					126,117

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units								

Charges for Service								
361.00	General Government	52,552						52,552
362.00	Public Safety	42,461						42,461
363.20	Parking							
363.00	All Other Charges for Highway & Street Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	1,111			326,342			327,453
364.30	Solid Waste Collection and Disposal Charge (trash)							
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		96,124				326,342		422,466

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	50						50
388.00	Fiduciary Fund Pension Contributions							
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues		50						50

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	33,278				691		33,969
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	1,512						1,512
Total Other Financing Sources		34,790			691			35,481

TOTAL REVENUES

1,346,826	102,820			336,106			1,785,752
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	6,409						6,409
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	5,000						5,000
403.00	Tax Collection	3,202						3,202
404.00	Solicitor / Legal Services	60,929						60,929
405.00	Secretary / Clerk	122,258						122,258
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	92,070						92,070
409.00	General Government Buildings and Plant	59,773						59,773
Total General Government		349,641						349,641

Public Safety

410.00	Police							
411.00	Fire	42,384						42,384
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety

414.00	Planning and Zoning	40,213						40,213
415.00	Emergency Management and Communications							
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		82,597						82,597

Health and Human Services

420.00-425.00	Health and Human Services	1,194						1,194
Total Health and Human Services		1,194						1,194

Public Works - Sanitation

426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection				306,213			306,213
Total Public Works - Sanitation					306,213			306,213

Public Works - Highways and Streets

430.00	General Services - Administration	19,918						19,918
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	14,658						14,658
433.00	Traffic Control Devices	181,231						181,231
434.00	Street Lighting	697						697

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery	10,880						10,880
438.00	Maintenance and Repairs of Roads and Bridges	179,593	100,000					279,593
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		406,977	100,000					506,977

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises								

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	28,977						28,977

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries	250						250
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	115						115
Total Culture and Recreation		29,342						29,342

Community Development								
461.00	Conservation of Natural Resources	1,029						1,029
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development		1,029						1,029

Debt Service								
471.00	Debt Principal (short-term and long-term)	163,851						163,851
472.00	Debt Interest (short-term and long-term)	16,566						16,566
475.00	Fiscal Agent Fees							
Total Debt Service		180,417						180,417

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	20,849						20,849
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2022

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits	55,473						55,473
Total Employer Paid Benefits and Withholding Items		76,322						76,322

Insurance								
486.00	Insurance, Casualty, and Surety	35,224						35,224
Total Insurance		35,224						35,224

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures							
Total Unclassified Operating Expenditures								

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	691			33,278			33,969
493.00	All Other Financing Uses							
Total Other Financing Uses		691			33,278			33,969

TOTAL EXPENDITURES	1,163,434	100,000			339,491			1,602,925
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	183,392	2,820			-3,385			182,827
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SOUTH COVENTRY TWP

December 31, 2022

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Series 2004	Bond	2004	2024	2,000,000	423,000		135,000		288,000		288,000
Revenue Bonds and Notes											
Guaranteed	Note	2002	2032	610,000	305,974		28,851		277,123		277,123
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	565,123
Capitalized lease obligations	0
Net debt	565,123

SOUTH COVENTRY TWP, CHESTER County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2022

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	179,539		179,539
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	179,539		179,539

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

266,374

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Robert C Bezgin Appointed Auditor/CPA

December 31, 2022

NOTES / COMMENTS

SOUTH COVENTRY TOWNSHIP
NOTES TO DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FINANCIAL
REPORT
DECEMBER 31, 2022

1. Summary of significant accounting policies:

Reporting Entity:

South Coventry Township (the "Township") is a second class township located in Chester County, Pennsylvania. The Township is governed by a Board of Supervisors comprised of three residents. The Board of Supervisors is responsible for the administration, management and operation of the Township. Members of the Board of Supervisors are elected for six year terms. Elections are held for one position every two years. The duties of the Board of Supervisors include the adoption of the annual operating budget, capital improvements, maintenance of roads, public safety, and planned development.

The financial statements include all fund types of the Township for which the Board of Supervisors have oversight responsibility, governing authority and ability to significantly influence operations and scope of public service.

Fund Accounting:

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenses. Taxes are assessed and revenues are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

The major fund types are as follows:

Governmental Funds are the principal operating funds of the Township that account for all financial resources except those required to be in another fund. Governmental Funds consist of:

1) The General Fund accounts for the operations of the Township including the maintenance of roads, public safety, zoning, parks and recreation.

2) The State Highway Aid accounts for moneys received under the State Highway Liquid Fuels tax that are legally restricted to expenditures for roadway maintenance.

3) Debt Service accounts for moneys disbursed for the new building and principal and interest payments paid for the loan obtained to construct the new building.

Long Term Debt Account Group accounts for the General Obligation Note, Series of 2004 and the Guaranteed Revenue Note, Series of 2002.

SOUTH COVENTRY TOWNSHIP
NOTES TO DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FINANCIAL
REPORT
DECEMBER 31, 2022

Enterprise Funds consist of the Ridgelea Sewer facility and the Woodridge Sewer facility.

Basis of Accounting:

The Township's policy is to prepare the Department of Community and Economic Development financial report on the cash basis of accounting under which revenues are recognized when they are collected, and expenditures are recognized when paid. Assets and capital improvements are expensed in the year they are purchased. No depreciation is recorded for these assets.

Property taxes:

The Township imposes a property tax of .5 mills on the assessed valuations determined by the County of Chester. Property taxes are levied on March 1 of the calendar year. Property taxes are discounted 2% if remitted by May 1, due July 1, and penalized 10% if paid after July 1. Liens are filed for unpaid property taxes on March 1 of the following year.

2. Cash:

At year-end, the carrying amount of the Township's bank deposits with the Pennsylvania Local Government Investment Trust ("PLGIT") amounted to \$789,859 and bank deposits with banking institutions amounted to \$2,069,306. Bank deposits with banking institutions were covered by federal depository insurance up to \$250,000. Funds in excess of the FDIC Insurance are pledged by collateral for deposits of public funds on a pooled basis. PLGIT was established in May, 1981 under the provisions of the Commonwealth's Intergovernmental Cooperation Act. PLGIT purchases investments that have the backing of the United States Government or its agencies or instrumentalities for all federal instruments that it holds. Collateralization is per Act No. 72-1971 Session, the procedure for pledging of bank assets to secure Pennsylvania public funds.

3. General Obligation Note Payable:

The Township borrowed \$2,000,000 from Delaware Valley Regional Finance Authority ("DVRFA") dated July 26, 2004 to fund project costs for the new Township building. The General Obligation Note, Series of 2004 is a direct obligation of the Township issued on a pledge of the general taxing power for the payment of the debt obligations of the Township. General Obligation Bonds require the Township to include in its annual budget such amounts from general revenues for the payment (in each year bonds are outstanding) of interest and principal. The Township is in compliance with this requirement. Interest payments are required each month.

SOUTH COVENTRY TOWNSHIP
 NOTES TO DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FINANCIAL
 REPORT
 DECEMBER 31, 2022

The DVRFA has entered into interest rate swap agreements with Bank of America, N.A., Barclays Ban PLC and Citibank, N.A., related to DVRFA's Bonds and fixed rate loans. The market value of the related interest rate swap agreements is the estimated price that DVRFA would receive or cost that DVRFA would pay if DVRFA terminated the portion of the swap agreements related to that loan on December 31, 2020. If the termination value were negative and the related interest rate swap agreement were terminated, the Township would be obligated to pay DVRFA the amount of the termination payment. In all instances of termination, DVRFA would seek to replace the terminated interest rate swap agreement with a new agreement with similar terms and conditions. At market value, the amount of the cost or income of the replacement swap should offset the cost or income of the termination payment. DVRFA may not be able to secure a replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market. As of December 31, 2021, the average annual interest rate was 3.31%.

Remaining principal and interest payments are estimated as follows:

Date	Principal	Maximum Interest rate	Estimated Interest Payment	Estimated Annual Debt Service
12/25/2023	141,000	25%	9,789	150,789
12/25/2024	<u>147,000</u>	25%	<u>3,662</u>	<u>150,662</u>
Total	<u>288,000</u>		<u>13,451</u>	<u>301,451</u>

4. Guaranteed Revenue Note:

The Township borrowed \$610,000 from KeyBank dated July 30, 2002 to fund project costs for the construction of a wastewater treatment facility. The Guaranteed Revenue Note, Series of 2002 is a direct obligation of the Township collateralized by a pledge of all revenues and assets relating to the wastewater treatment facility. The interest rate has been reset to 1.7754% effective November 1, 2022. Monthly payments of principal and interest are required in the amount of \$2,622.39.

SOUTH COVENTRY TOWNSHIP
NOTES TO DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FINANCIAL
REPORT
DECEMBER 31, 2022

Estimated principal and interest payments for the next five years and 5 year increments thereafter are as follows:

Date	Principal	Interest rate	Estimated Interest Payment	Estimated Annual Debt Service
12/31/2023	26,660	1.78%	4,808	31,468
12/31/2024	27,132	1.78%	4,337	31,469
12/31/2025	27,636	1.78%	3,832	31,468
12/31/2026	28,138	1.78%	3,330	31,468
12/31/2027	28,649	1.78%	2,820	31,469
5 years ending 12/31/2032	141,145	1.78%	8,957	150,102
Total	<u>\$279,360</u>		<u>\$28,084</u>	<u>\$307,444</u>

5. Subsequent events:

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 28, 2023. No subsequent events have been recognized or disclosed.