

SOUTH COVENTRY TOWNSHIP

December 31, 2023

**ROBERT C. BEZGIN**  
**CERTIFIED PUBLIC ACCOUNTANT**

SOUTH COVENTRY TOWNSHIP

DECEMBER 31, 2023

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**ROBERT C. BEZGIN**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**15 WHITNEY AVENUE**  
**MORRIS PLAINS, NEW JERSEY 07950**  
**(610) 873-2288**  
**rcbezgincpa@verizon.net**

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, 2023, 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, 2023, 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, 2023, 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

May 8, 2024

**2023 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**151445 SOUTH COVENTRY TWP, CHESTER COUNTY**



## SOUTH COVENTRY TWP, CHESTER County

## BALANCE SHEET

December 31, 2023

		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
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		943				6,920					7,863

<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	2,778,261	51,448			780,997			2,639,661		6,250,367
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		2,778,261	51,448			780,997			2,639,661		6,250,367

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											6,258,230
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**SOUTH COVENTRY TWP, CHESTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2023

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	92,844						92,844
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	97,979						97,979
310.20	Earned Income Taxes / Wage Taxes	653,072						653,072
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	52,898						52,898
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
<b>Total Taxes</b>		896,793						896,793

**Licenses and Permits**

320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees	50,822						50,822
<b>Total Licenses and Permits</b>		50,822						50,822

**Fines and Forfeits**

330-332	Fines and Forfeits	3,431						3,431
<b>Total Fines and Forfeits</b>		3,431						3,431

**SOUTH COVENTRY TWP, CHESTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2023

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**

<b>Interest, Rents and Royalties</b>								
341.00	Interest Earnings	61,928	3,754			28,221		93,903
342.00	Rents and Royalties	159,825						159,825
<b>Total Interest, Rents and Royalties</b>		221,753	3,754			28,221		253,728

<b>Federal</b>								
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							
353.00	Federal Payments in Lieu of Taxes							
<b>Total Federal</b>								

<b>State</b>								
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)	755						755
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		104,988					104,988
355.04	Alcoholic Beverage Licenses	400						400
355.05	General Municipal Pension System State Aid							
355.07	Foreign Fire Insurance Tax Distribution	21,265						21,265
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, 2023

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								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		22,420	104,988					127,408

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							
<b>Total Local Government Units</b>								

Charges for Service								
361.00	General Government	275,162						275,162
362.00	Public Safety	49,815						49,815
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.)	315			335,752			336,067
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	1,650						1,650
368.00	Airports							

SOUTH COVENTRY TWP, CHESTER County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

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							
<b>Total Charges for Service</b>		326,942				335,752		662,694

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

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	28,846						28,846
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, 2023

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	2,098						2,098
<b>Total Other Financing Sources</b>		30,944						30,944

<b>TOTAL REVENUES</b>	1,553,105	108,742			363,973			2,025,820
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**EXPENDITURES**

General Government								
400.00	Legislative (Governing) Body	6,696						6,696
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	5,100						5,100
403.00	Tax Collection	3,277						3,277
404.00	Solicitor / Legal Services	33,773						33,773
405.00	Secretary / Clerk	128,772						128,772
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	48,793						48,793
409.00	General Government Buildings and Plant	40,958						40,958
<b>Total General Government</b>		267,369						267,369

Public Safety								
410.00	Police							
411.00	Fire	37,265						37,265
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

**SOUTH COVENTRY TWP, CHESTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2023

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	42,614						42,614
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							
<b>Total Public Safety</b>		79,879						79,879

**Health and Human Services**

420.00-425.00	Health and Human Services	1,230						1,230
<b>Total Health and Human Services</b>		1,230						1,230

**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				299,361			299,361
<b>Total Public Works - Sanitation</b>					299,361			299,361

**Public Works - Highways and Streets**

430.00	General Services - Administration	18,180						18,180
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	6,265						6,265
433.00	Traffic Control Devices	21,471						21,471
434.00	Street Lighting	1,890						1,890

SOUTH COVENTRY TWP, CHESTER County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

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	9,604						9,604
438.00	Maintenance and Repairs of Roads and Bridges	145,728	69,917					215,645
439.00	Highway Construction and Rebuilding Projects							
<b>Total Public Works - Highways and Streets</b>		203,138	69,917					273,055

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							
<b>Total Other Public Works Enterprises</b>								

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	33,687						33,687

**SOUTH COVENTRY TWP, CHESTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2023

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**

<b>Culture and Recreation</b>								
455.00	Shade Trees							
456.00	Libraries	300						300
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	25						25
<b>Total Culture and Recreation</b>		34,012						34,012

<b>Community Development</b>								
461.00	Conservation of Natural Resources	1,190						1,190
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>		1,190						1,190

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	165,400						165,400
472.00	Debt Interest (short-term and long-term)	12,035						12,035
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		177,435						177,435

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	23,064						23,064
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							

SOUTH COVENTRY TWP, CHESTER County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

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	57,953						57,953
<b>Total Employer Paid Benefits and Withholding Items</b>		81,017						81,017

Insurance								
486.00	Insurance, Casualty, and Surety	30,136						30,136
<b>Total Insurance</b>		30,136						30,136

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures							
<b>Total Unclassified Operating Expenditures</b>								

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers				28,846			28,846
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>					28,846			28,846

<b>TOTAL EXPENDITURES</b>	875,406	69,917			328,207			1,273,530
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	677,699	38,825			35,766			752,290
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## SOUTH COVENTRY TWP

December 31, 2023

## 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
<b>General Obligation Bonds and Notes</b>											
Series 2004	Bond	2004	2024	2,000,000	288,000		141,000		147,000		147,000
<b>Revenue Bonds and Notes</b>											
Guaranteed	Note	2002	2032	610,000	277,123		24,400		252,723		252,723
<b>Lease Rental Debt</b>											
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	399,723
<b>Capitalized lease obligations</b>	0
<b>Net debt</b>	399,723

**SOUTH COVENTRY TWP, CHESTER County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2023

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	20,954		20,954
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	20,954		20,954

**EMPLOYEE COMPENSATION**

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

294,611

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

**SIGNATURE AND VERIFICATION**

Signed:

Robert Bezgin Appointed Auditor/CPA

December 31, 2023

**NOTES / COMMENTS**

SOUTH COVENTRY TOWNSHIP  
NOTES TO DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FINANCIAL  
REPORT  
DECEMBER 31, 2023

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, 2023

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 \$1,431,405 and bank deposits with banking institutions amounted to \$2,180,244. 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, 2023

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, 2023, 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
12/25/2024	<u>147,000</u>	25%	<u>3,662</u>	<u>150,662</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 30, 2023. 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, 2023

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
12/31/2024	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
12/31/2028	29,162	1.78%	2,307	31,469
5 years ending 12/31/2033	114,235	1.78%	3,832	118,067
Total	<u>\$254,952</u>		<u>\$20,458</u>	<u>\$275,410</u>

5. Subsequent events:

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 8, 2024. No subsequent events have been recognized or disclosed.