

2022 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

150335 EAST COVENTRY TWP, CHESTER COUNTY

INDEPENDENT AUDITOR'S REPORT

**Township Supervisors
East Coventry Township
Pottstown, Pennsylvania**

President Judge of the Court of Common Pleas

Secretary of the Department of Community and Economic Development

Opinion

We have audited the accompanying modified cash basis financial statements of East Coventry Township ("the Township"), Pennsylvania, which comprise the balance sheet as of December 31, 2022, and the related statement of revenues and expenditures, debt statement, and statement of capital expenditures for the year then ended in the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of East Coventry Township as of December 31, 2022, and the changes in the modified cash basis financial position and related debt statement and statement of capital expenditures for the year then ended in accordance with the financial reporting provisions of the modified cash basis of accounting within the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 East Coventry 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 opinion.

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting within the format prescribed by 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. Consequently, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred. In addition, the Township does not include footnote disclosures. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting within the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 East Coventry Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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, 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 East Coventry 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Coventry 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.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Supervisors, President Judge of the Court of the Common Pleas, and the Secretary of the Department of Community and Economic Development, and is not intended to be, and should not be, used by anyone other than these specified parties.

Herbein + Company, Inc.

Reading, Pennsylvania

May 15, 2023



BALANCE SHEET

DCED-CLGS-30 (09-09)

EAST 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	2,955,286	619,227	3,795,557		3,094,732					10,464,802
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)	9,051				185					9,236
130.00	Due From Other Funds	4,115									4,115
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets										
180-189	Other Debits		74								74
Total Assets and Other Debits		2,968,452	619,301	3,795,557		3,094,917					10,478,227

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds					4,115					4,115

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	10,478,227
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EAST 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	1,217,750							1,217,750
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	34,464							34,464
310.10	Real Estate Transfer Taxes	333,331							333,331
310.20	Earned Income Taxes / Wage Taxes	1,561,010		760,548					2,321,558
310.30	Business Gross Receipts Taxes								
310.40	Occupation Taxes (levied under Act 511)								
310.50	Local Services Tax **	69,334							69,334
310.60	Amusement / Admission Taxes								
310.70	Mechanical Device Taxes								
310.90	Other: _____								
	Other: _____								
Total Taxes		3,215,889		760,548					3,976,437

Licenses and Permits									
320-322	All Other Licenses and Permits	3,354							3,354
321.80	Cable Television Franchise Fees	129,311							129,311
Total Licenses and Permits		132,665							132,665

Fines and Forfeits									
330-332	Fines and Forfeits	11,182							11,182
Total Fines and Forfeits		11,182							11,182

EAST 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	7,356	3,008	17,206		9,872			37,442
342.00	Rents and Royalties	13,271							13,271
Total Interest, Rents and Royalties		20,627	3,008	17,206		9,872			50,713

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	355,598							355,598
353.00	Federal Payments in Lieu of Taxes								
Total Federal		355,598							355,598

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)	3,082							3,082
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		279,144						279,144
355.04	Alcoholic Beverage Licenses								
355.05	General Municipal Pension System State Aid	119,150							119,150
355.07	Foreign Fire Insurance Tax Distribution	49,788							49,788
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution								

EAST 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									
355.00	All Other State Shared Revenues and Entitlements								
356.00	State Payments in Lieu of Taxes								
Total State		172,020	279,144						451,164

Local Government Units									
357.03	Highways and Streets								
357.00	All Other Local Governmental Units Capital and Operating Grants	1,720		71,847					73,567
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	6,019							6,019
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes								
Total Local Government Units		7,739		71,847					79,586

Charges for Service									
361.00	General Government	152,923	400						153,323
362.00	Public Safety	111,215							111,215
363.20	Parking								
363.00	All Other Charges for Highway & Street Services	5,773							5,773
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)					1,610,342			1,610,342
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	39,181							39,181
368.00	Airports								

EAST 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		309,092	400			1,610,342			1,919,834

Unclassified Operating Revenues									
383.00	Special Assessments								
386.00	Escheats (sale of personal property)								
387.00	Contributions and Donations from Private Sectors	192,570							192,570
388.00	Fiduciary Fund Pension Contributions								
389.00	All Other Unclassified Operating Revenues	25,704				675			26,379
Total Unclassified Operating Revenues		218,274				675			218,949

Other Financing Sources									
391.00	Proceeds of General Fixed Asset Disposition	27,289							27,289
392.00	Interfund Operating Transfers								
393.00	Proceeds of General Long-Term Debt								
394.00	Proceeds of Short Term-Debt								

EAST 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	11,846							11,846
Total Other Financing Sources		39,135							39,135

TOTAL REVENUES

4,482,221	282,552	849,601		1,620,889				7,235,263
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EXPENDITURES

General Government									
400.00	Legislative (Governing) Body	15,222							15,222
401.00	Executive (Manager or Mayor)	212,030							212,030
402.00	Auditing Services / Financial Administration	123,181							123,181
403.00	Tax Collection	62,420							62,420
404.00	Solicitor / Legal Services	264,286							264,286
405.00	Secretary / Clerk								
406.00	Other General Government Administration	158,235							158,235
407.00	IT-Networking Services-Data Processing	20,398							20,398
408.00	Engineering Services	245,631							245,631
409.00	General Government Buildings and Plant	46,557							46,557
Total General Government		1,147,960							1,147,960

Public Safety

410.00	Police	1,414,810		53,164					1,467,974
411.00	Fire	140,996							140,996
412.00	Ambulance / Rescue								
413.00	UCC and Code Enforcement	156,404							156,404

EAST 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	80,937							80,937
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		1,793,147		53,164					1,846,311

Health and Human Services									
420.00-425.00	Health and Human Services	14,320							14,320
Total Health and Human Services		14,320							14,320

Public Works - Sanitation									
426.00	Recycling Collection and Disposal	18,000							18,000
427.00	Solid Waste Collection and Disposal (garbage)								
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection					418,512			418,512
Total Public Works - Sanitation		18,000				418,512			436,512

Public Works - Highways and Streets									
430.00	General Services - Administration	573,228		89,908					663,136
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal	24,444	7,751						32,195
433.00	Traffic Control Devices		2,569						2,569
434.00	Street Lighting								

EAST 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		721					721
437.00	Repairs of Tools and Machinery		16,620					16,620
438.00	Maintenance and Repairs of Roads and Bridges		293,311					293,311
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		597,672	320,972	89,908				1,008,552

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	81,086						81,086
453.00	Spectator Recreation							
454.00	Parks							

EAST 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								
457.00	Civil and Military Celebrations								
458.00	Senior Citizens' Centers								
459.00	All Other Culture and Recreation								
Total Culture and Recreation		81,086							81,086

Community Development									
461.00	Conservation of Natural Resources			199,166					199,166
462.00	Community Development and Housing								
463.00	Economic Development								
464.00	Economic Opportunity								
465-469	All Other Community Development	3,445							3,445
Total Community Development		3,445		199,166					202,611

Debt Service									
471.00	Debt Principal (short-term and long-term)	50,400		8,569		340,000			398,969
472.00	Debt Interest (short-term and long-term)	2,881		16		154,300			157,197
475.00	Fiscal Agent Fees								
Total Debt Service		53,281		8,585		494,300			556,166

Employer Paid Benefits and Withholding Items									
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	10,330							10,330
482.00	Judgments and Losses								
483.00	Pension / Retirement Fund Contributions	152,541							152,541

EAST 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								
Total Employer Paid Benefits and Withholding Items		162,871							162,871

Insurance									
486.00	Insurance, Casualty, and Surety	54,168							54,168
Total Insurance		54,168							54,168

Unclassified Operating Expenditures									
488.00	Fiduciary Fund Benefits and Refunds Paid								
489.00	All Other Unclassified Expenditures	18,992							18,992
Total Unclassified Operating Expenditures		18,992							18,992

Other Financing Uses									
491.00	Refund of Prior Year Revenues								
492.00	Interfund Operating Transfers								
493.00	All Other Financing Uses								
Total Other Financing Uses									

TOTAL EXPENDITURES	3,944,942	320,972	350,823		912,812				5,529,549
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	537,279	-38,420	498,778		708,077				1,705,714
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EAST 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											
General Obligation Note	Note	2004	2024	1,000,000	128,623		50,400		78,223		78,223
Bank Loan	Note	2011	2021	850,000	8,569		8,569		0		0
General Obligation Bonds - 2021	Bond	2021	2041	7,105,000	6,830,000		340,000		6,490,000		6,490,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

6,568,223

Capitalized lease obligations

0

Net debt

6,568,223

EAST COVENTRY TWP, CHESTER County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2022

Category	Capital Purchases	Capital Construction	Total
Community Development	176,327		176,327
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	80,189		80,189
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	256,516		256,516

EMPLOYEE COMPENSATION

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

1,703,695

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

SIGNATURE AND VERIFICATION

Signed: Christopher Turtell, CPA Appointed Auditor/CPA

December 31, 2022

NOTES / COMMENTS

The Township has two defined benefit pension plans and a defined contribution plan administered through the Pennsylvania Municipal Retirement System (PMRS). The plans are not included on this report because they do not meet the definition of a fiduciary activity. The Township contributed \$96,319 to its police pension plan and \$56,222 to its nonuniformed plans during 2022.

Included in the fund balance of the general fund is \$103,540 assigned for future benefit payments at retirement.