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SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Springettsbury Township
York, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township, as of December 31, 2009, and the respective changes in financial position and where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages a through j and 36 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
May 26, 2010

SPRINGETTSBURY TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2009

The Township prepares its Financial reports in accordance with the Governmental Accounting Standards Board Statement 34. Statement 34 included the Basic Financial presentations as well as this narrative referred to as the Management Discussion and Analysis. For Audit 2006, we provided comparative columns for years 2005 and 2006 audit years and continue this comparison now with 2008 and 2009 audit years.

Statement 34 also allowed for certain transition treatments regarding the Township's infrastructure. The Township elected to implement general infrastructure reporting with the 2004 audit report. The discussion and analysis that follows of Springettsbury Township's financial performance provides a general presentation of the Township's financial operations for the fiscal year ending December 31, 2009. In addition, referenced tables also have been prepared to provide 2008 and 2009 comparisons.

As has been stated in past audit reports, the Management Discussion and Analysis is designed to assist the reader in the following areas:

1. Focus upon significant financial issues
2. Provide an overview of the Township's financial activities
3. Identify changes in the Township's financial position
4. Identify any material deviations from the financial plan and
5. Identify individual fund issues/concerns

Readers can also review the transmittal from the Auditor, the statements, and the various notes to gain a more complete understanding of the Township's financial performance.

Financial Highlights

The total assets of the Township are \$97,002,659. Of this amount \$56,347,458 represents the Township's business-type activities (sewer utility) and \$40,655,201 general governmental activities. These figures are specifically shown on page one of the financial statements.

The costs of all Township programs totaled \$22,978,214 (page three).

The Township made a final payment of bond principal amounting to \$390,000 in 2009. This completed the debt requirements of the 2003 General Obligation Bond.

The Township completed \$557,502 in capital projects for equipment, parks, road construction and improvements to the Township's capital assets during 2009.

The Township's Sewer Utility also accomplished some \$7,028,138 in construction and improvements to capital plant assets.

FINANCIAL STATEMENTS

The Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. These statements include 1) government overall financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) supplementary information.

The Statement of Net Assets and Statement of Activities (pages 1-3) provide information about the activities of the Township as a whole. Fund financial statements beginning on page 6 show how services have been financed. Fund financial statements also report the Township's operations in more detail by providing information about the Township's most significant funds.

One of the most important questions asked about the Township's finances can be stated as, "Is the Township as a whole better off or worse off as a result of the year ending results?" The Statement of Net Assets and the Statement of Activities report information about the Township in a way that assists in answering the question. These statements include all assets and liabilities using the accrual basis of accounting. This accounting is used in most private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two primary statements report the Township's net assets and changes in them. One can think of the Township's net assets – the difference between assets and liabilities – as one way to measure the Township's financial health or financial position. Over periods of time, increases or decreases in the Township's net assets is an important indicator of whether its financial health is improving or deteriorating. One can also consider other non-financial factors such as changes in the property tax base and the condition of Township infrastructure in order to more accurately assess the overall condition of the Township.

In the Statement of Net Assets and the Statement of Activities the Township is basically divided into two kinds of activities.

Governmental Activities – Most of the Township's basic services are reported here. This includes administration, community development, finance, fire, police, public works, and recreation. Property and Earned Income taxes, Licenses/Permits, Fines, and Intergovernmental revenues support most of these activities.

Business-Type Activities – The Township charges a fee to its sewer utility customers to cover the cost of the sewer utility services the Township provides. Therefore, the Township's Waste Water Utility operations are reported as the sole Business Type Activities.

Most Significant Funds

The fund financial statements provide detailed information about the most significant funds of the Township. While some funds are required to be established by Township Code, the Township Supervisors establish other funds to appropriate and manage Township expenditures for particular purposes (the Township's road maintenance program as part of the capital projects fund) or to demonstrate that the Township is meeting legal responsibilities for using specific Township monies (Waste Reserve – Liquid Fuels, Petitioned Street Lighting). The Township's two kinds of funds – governmental and proprietary use different accounting approaches.

Governmental Funds – Most of the Township's basic services are reported in governmental funds which focus on how money flows into and out of these funds and the balances left at year end. These funds are reported using an accounting method referred to as modified accrual accounting. This method measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services being provided.

Proprietary Funds – When the Township charges customers for services, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

The Township as Trustee

Springettsbury Township as the local government entity is the trustee, or fiduciary, for the Police Pension, Fire Pension, and other non-uniformed pension funds; as well as a Private Purpose Trust Library Fund and the Schenck (Recreation) Trust as well as an Agency (Escrow) Fund. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets as shown on pages 12 and 13. These statements are excluded from the Township's other financial statements because the Township cannot use these assets to support its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their specific stated purposes.

The Township Overall

In accordance with GASB Statement No. 34, the Township was not required to restate fiscal periods prior to December 31, 2003 for the purpose of providing comparative information. For the 2009 year a comprehensive analysis of Government-wide financial information is being presented to compare 2008 and 2009 audit years.

Government-Wide Statements

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

Statement of Net Assets December 31

	2008			2009		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 6,765,838	\$ 17,612,519	\$ 24,378,357	\$ 5,301,811	\$ 15,479,216	\$ 20,781,027
Capital Assets	<u>37,308,875</u>	<u>35,464,956</u>	<u>72,773,831</u>	<u>35,353,390</u>	<u>40,868,242</u>	<u>76,221,632</u>
Total Assets	44,074,713	53,077,475	97,152,188	40,655,201	56,347,458	97,002,659
Current Term Liabilities	1,048,429	750,364	1,798,793	749,089	2,590,950	3,340,039
Other (Non-Current)	<u>1,688,346</u>	<u>9,219,000</u>	<u>10,907,346</u>	<u>1,853,341</u>	<u>8,871,000</u>	<u>10,724,341</u>
Total Liabilities	2,736,775	9,969,364	12,706,139	2,602,430	11,461,950	14,064,380
Net Assets						
Invested in Capital Assets (Net of Related Debt)	35,495,875	30,648,586	66,144,461	33,942,390	32,591,172	66,533,562
Restricted	613,682	4,520,890	5,134,572	613,073	4,351,722	4,964,795
Unrestricted	<u>5,228,381</u>	<u>7,938,635</u>	<u>13,167,016</u>	<u>3,497,308</u>	<u>7,942,614</u>	<u>11,439,922</u>
Total Net Assets	41,337,938	43,108,111	84,446,049	38,052,771	44,885,508	82,938,279
Total Liabilities and Net Assets	\$ 44,074,713	\$ 53,077,475	\$ 97,152,188	\$ 40,655,201	\$ 56,347,458	\$ 97,002,659

For more detailed information please refer to pages 1 and 2, Statement of Net Assets.

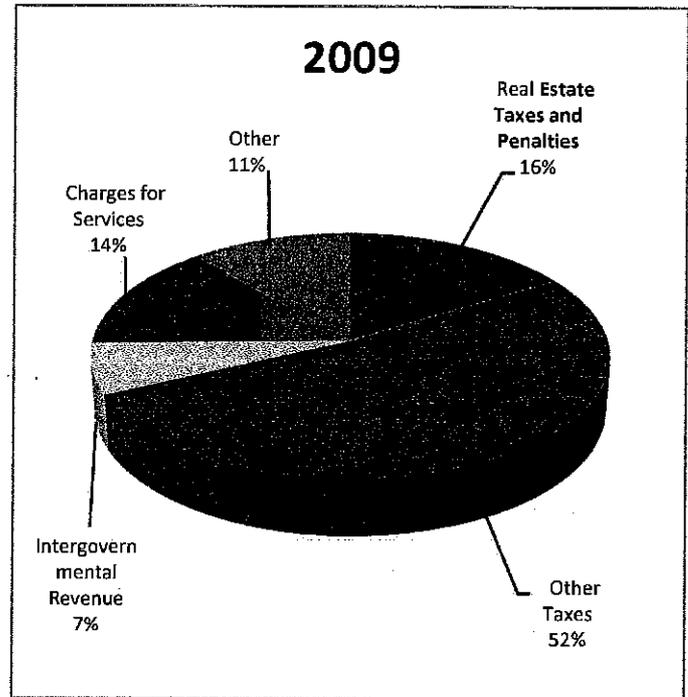
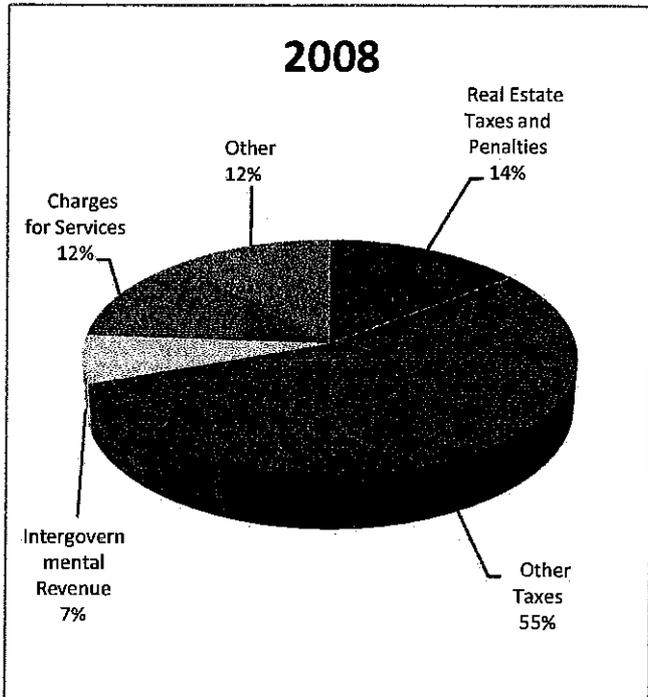
The Township's combined net assets for 2009 amounted to \$82,938,279. Net Assets for Business-type activities (sewer utility operations) amounted to \$44,885,508. The Township's unrestricted net assets for governmental activities which represent the amount of net assets that can be used to operate day to day services stood at \$3,497,308.

The following charts present the Township's revenues and expenditures by fund type. They are shown in more detail on page 6 of the financial statements

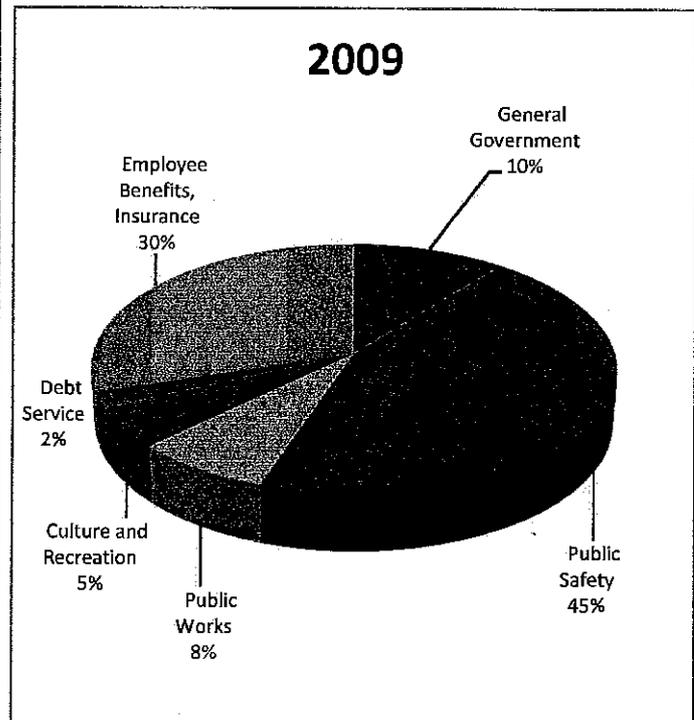
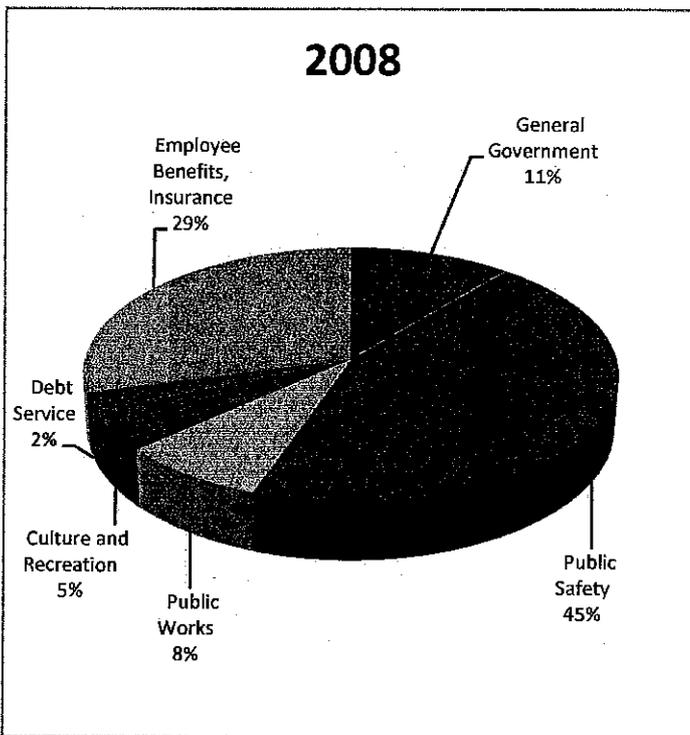
Statement of Revenues and Expenditures and
Changes in Fund Balances
December 31

	2008			2009		
	General Fund	Other Funds	Total Governmental Funds	General Fund	Other Funds	Total Governmental Funds
Revenues						
Real Estate Taxes and Penalties	\$ 1,706,048	\$ 44,416	\$ 1,750,464	\$ 1,846,539	\$ 51,399	\$ 1,897,938
Other Taxes	6,475,879	-	6,475,879	6,024,758	-	6,024,758
Intergovernmental Revenue	773,312	1,153,029	1,926,341	770,522	913,473	1,683,995
Charges for Services	1,451,594	93,714	1,545,308	1,625,809	56,332	1,682,141
Other	1,367,717	41,204	1,408,921	1,318,181	18,492	1,336,673
Total Revenues	11,774,550	1,332,363	13,106,913	11,585,809	1,039,696	12,625,505
Expenditures						
General Government	1,239,794	18,487	1,258,281	1,236,176	40,000	1,276,176
Public Safety	5,027,909	443,075	5,470,984	5,267,996	701,996	5,969,992
Public Works (Highways, Sanitation, Other)	905,511	1,196,176	2,101,687	896,622	1,108,340	2,004,962
Culture and Recreation	590,527	579,199	1,169,726	622,748	80,574	703,322
Debt Service	257,205	207,524	464,729	236,325	228,175	464,500
Employee Benefits, Insurance and Other	3,319,543	-	3,319,543	3,543,054	-	3,543,054
Total Expenditures	11,340,489	2,444,461	13,784,950	11,802,921	2,159,085	13,962,006
Other Financing Uses						
Interfund Transfers	(645,000)	645,000	-	(557,500)	557,500	-
Refunds Expenditures/Revenues	30,007	11,303	41,310	(30,598)	2,400	(28,198)
Sale of Fixed Assets	-	-	-	13,012	-	13,012
Contribution to Authority	-	(484,636)	(484,636)	-	-	-
Total Other Financing Uses	(614,993)	171,667	(443,326)	(575,086)	559,900	(15,186)
Net Changes in Fund Balances	(180,932)	(940,431)	(1,121,363)	(792,198)	(559,489)	(1,351,687)
Fund Balances:						
January 1	4,485,020	2,755,752	7,240,772	4,304,088	1,815,321	6,119,409
December 31	\$ 4,304,088	\$ 1,815,321	\$ 6,119,409	\$ 3,511,890	\$ 1,255,832	\$ 4,767,722

GENERAL FUND REVENUES



EXPENDITURES



Business Type Activities
Changes in Net Assets
December 31

Outlined below is the Statement of Revenues and Expenditures for the Business Type Activities (Proprietary Funds) of the Township – “Sewer Fund”. More detail is shown on page 10.

	<u>December 31</u>	
	<u>BUSINESS TYPE ACTIVITIES</u>	
	Sewer Fund	
	<u>2008</u>	<u>2009</u>
Operating Revenues		
Charges for Services	\$ 7,383,751	\$ 7,326,124
Intergovernmental Revenues and Other	<u>11,132</u>	<u>3,606</u>
Total Operating Revenues	7,394,883	7,329,730
Operating Expenditures		
Costs of Services	4,842,780	4,740,953
Administration	223,315	229,984
Amortization and Depreciation	<u>1,686,378</u>	<u>1,630,200</u>
Total Operating Expenditures	6,752,473	6,601,137
Operating Income(Loss)	642,410	728,593
Non Operating Revenues (Expenditures)		
Tapping Fees	106,461	145,513
Investment Income	644,714	269,139
Bond Interest	(408,800)	(369,732)
Gain or Loss on Sale of Assets	805	3,884
Capital Grant	<u>-</u>	<u>1,000,000</u>
Total Non Operating Revenues (Expenditures)	343,180	1,048,804
Capital Contributions	155,885	-
Change in Net Assets	1,141,475	1,777,397
Total Net Assets - January 1	41,966,636	43,108,111
Total Net Assets - December 31	\$ 43,108,111	\$ 44,885,508

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was a decrease of \$792,198. This was primarily due to increased inter-fund transfers with specific emphasis upon the capital fund note payment. The actual General Fund balance for 2009 is \$3,511,890. Page six of the financial statements presents the detailed review.

BUSINESS-TYPE ACTIVITIES

The change in net assets of business type activities (sewer fund) was \$1,777,397. This increase is primarily attributed to the continuing development taking place in the Township and the associated "tapping" fees of \$145,513 into the sewer "revenue stream". Page ten highlights these activities by specific numbers and analysis.

THE TOWNSHIP'S FUNDS

Governmental and Business Type Funds

As of 2009 year end, the governmental funds (please refer to page 6) reported a combined fund balance of \$4,767,722. Several of the governmental funds are capital expenditure related. For the proprietary business type funds at year end, the business type fund (Sewer Fund) reported net assets of \$44,885,508 which was \$1,777,397 more than at the beginning of the year. Please refer to page ten for a variety of specific changes presented.

CAPITAL ASSETS AND DEBT ADMINISTRATION GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES

Capital Assets

At the close of 2009, the Township had \$35,353,390 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Administration Building, Police and Public Works equipment. More detail is shown in the notes to the financial statements as summarized on page 23.

The Sewer Fund at the close of 2009 had net capital assets of \$40,868,242. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 22.

Debt

At December 31, 2009 the Governmental long term debt (bonds and notes) stood at \$1,411,000 and the sewer fund debt at \$9,219,000. As reported in the Notes to the Financial Statements (pages 24- 25), during 2003 the Township refunded its general obligation notes Series 2001 and issued new general obligation bonds. These bonds matured and were paid November 2009. In addition, the Township had an additional borrowing of \$10,000,000 during 2007 for various capital improvements related to the Waste Water Utility system.

BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of the fiscal year, the Township Budget was able to sustain a variety of changes to its expenditure plans. This was achieved based upon the Township's continuing revenue resources, constant financial monitoring by departmental staff, and the cooperative consideration of its legislative body. As has been described earlier, The Township's general fund balance actually decreased at the close of fiscal year 2009 by \$792,198, yet continues to remain substantial to safeguard for economic adjustments. The total general fund balance of \$3,511,890 has \$1,750,000 reserved to maintain the budgetary balance between revenues and expenditures for 2010.

For 2009, the total actual General Fund Revenues exceeded budgeted revenues by \$765,609. This was primarily the result of the increased tax collections and charges for services received which reflect the continuing economic vitality of the Township. In addition, Springettsbury as the commercial center of York County continued the growth in its business privilege and mercantile taxes receipts along with a healthy real estate environment from the transfer tax. The financial statements provide a detailed breakdown of these revenues on page thirty six.

General Fund expenditures are monitored closely during the fiscal year and the Township is able to sustain extra expenses as required. As part of this financial monitoring during 2009, the insurance related expenses now shown totally in the general fund have contributed to consolidating the Township's budgetary reporting and have enhanced overall financial management.

The Township's elected officials considered many factors when approving the Township Budget; the tax rate, fee schedules, and overall expenditure programs and plans for the new fiscal year. The prevailing economic conditions in the Township are always a major budgetary consideration due to the commercial base the Township maintains. Springettsbury Township has an economy concentrated in retail and service industries. Employment has been relatively stable compared to other areas in the Commonwealth. Business growth has been maintained. Continued stability is anticipated. The trend in building permits issued remains positive and is an indicator of the steady economic development in the Township and the York area.

In addition, Springettsbury Township, as reported in previous highlights, experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000. This 10% growth factor represents the vitality of the Township's building activities.

General Fund expenditures have risen in recent years in large part to increases for insurance premiums, employee fringe benefit expenditures, and the major expansion of Township recreation facilities. However, the Township's fund balance has been maintained based upon continuing budgetary management, revenues received from the property transfer tax, and an emphasis placed on Township's service fees.

CONTACTING TOWNSHIP FINANCIAL MANAGEMENT

This financial report is designed to present to our residents, taxpayers, customers, investors and creditors a general overview of Township finances. Our effort is to demonstrate the Township's accountability for the monies it receives and expends. If you have any questions about this report or need additional information, please contact Jack Hadge, Springettsbury Township Finance Department 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521(extension 416).

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Development Authority</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 112,309	\$ 2,156,875	\$ 2,269,184	\$ 173,665
Current Portion of Long-Term Debt	215,000	348,000	563,000	677,000
Accrued Salaries and Wages	383,142	84,035	467,177	--
Payroll Deductions and Withholdings	2,643	--	2,643	--
Other Current Liabilities	33,645	2,040	35,685	--
Deferred Revenue	2,350	--	2,350	--
Total Current Liabilities	<u>749,089</u>	<u>2,590,950</u>	<u>3,340,039</u>	<u>850,665</u>
Noncurrent Liabilities:				
Bonds/Notes Payable	1,411,000	9,219,000	10,630,000	4,438,000
Current Portion of Long-Term Debt	(215,000)	(348,000)	(563,000)	(677,000)
Long-Term Portion of Compensated Absences	27,424	--	27,424	--
Other Post-Employment Benefits	629,917	--	629,917	--
Total Noncurrent Liabilities	<u>1,853,341</u>	<u>8,871,000</u>	<u>10,724,341</u>	<u>3,761,000</u>
TOTAL LIABILITIES	<u>2,602,430</u>	<u>11,461,950</u>	<u>14,064,380</u>	<u>4,611,665</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	33,942,390	32,591,172	66,533,562	--
Restricted	613,073	4,351,722	4,964,795	--
Unrestricted	3,497,308	7,942,614	11,439,922	(2,517,583)
TOTAL NET ASSETS	<u>38,052,771</u>	<u>44,885,508</u>	<u>82,938,279</u>	<u>(2,517,583)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 40,655,201</u>	<u>\$ 56,347,458</u>	<u>\$ 97,002,659</u>	<u>\$ 2,094,082</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Improvement	Grant Fund		
ASSETS					
Cash and Cash Equivalents	\$ 616,728	\$ 496,467	\$ --	\$ 777,408	\$ 1,890,603
Investments	2,401,264	--	--	151,698	2,552,962
Taxes Receivable (Net)	422,124	--	--	--	422,124
Due from Other Funds	290,719	22,309	3,217	95,000	411,245
Accounts Receivable	253,047	35,000	--	1,495	289,542
Due from Other Governments	37,917	21,538	90,512	--	149,967
TOTAL ASSETS	\$4,021,799	\$ 575,314	\$ 93,729	\$ 1,025,601	\$ 5,716,443
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Other Funds	\$ 5,524	\$ 311,412	\$ 93,729	\$ 3,967	\$ 414,632
Accounts Payable	82,605	--	--	29,704	112,309
Accrued Salaries and Wages	383,142	--	--	--	383,142
Payroll Deductions and Withholdings	2,643	--	--	--	2,643
Other Liabilities	33,645	--	--	--	33,645
Deferred Revenues	2,350	--	--	--	2,350
TOTAL LIABILITIES	509,909	311,412	93,729	33,671	948,721
FUND BALANCES					
Unreserved:					
General Fund – Undesignated	1,661,890	--	--	--	1,661,890
General Fund – Designated	100,000	--	--	--	100,000
Reserved:					
General Fund	1,750,000	--	--	--	1,750,000
Special Revenue Funds	--	--	--	867,204	867,204
Capital Projects Funds	--	263,902	--	124,726	388,628
TOTAL FUND BALANCES	3,511,890	263,902	--	991,930	4,767,722
TOTAL LIABILITIES AND FUND BALANCES	\$4,021,799	\$ 575,314	\$ 93,729	\$ 1,025,601	\$ 5,716,443

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Major Funds</u>			<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Grant Fund</u>		
REVENUES					
Real Estate Taxes and Penalties	\$ 1,846,539	\$ --	\$ --	\$ 51,399	\$ 1,897,938
Other Taxes	6,024,758	--	--	--	6,024,758
Licenses and Permits	351,320	--	--	--	351,320
Fines and Forfeits	274,524	--	--	--	274,524
Interest, Rents and Royalties	57,830	746	--	10,213	68,789
Intergovernmental Revenues	770,522	41,812	338,803	532,858	1,683,995
Charges for Services	1,625,809	--	--	56,332	1,682,141
Miscellaneous	3,979	--	--	--	3,979
Reimbursements	630,528	--	--	--	630,528
Contributions from Private Sources	--	4,500	--	3,033	7,533
TOTAL REVENUES	<u>11,585,809</u>	<u>47,058</u>	<u>338,803</u>	<u>653,835</u>	<u>12,625,505</u>
EXPENDITURES					
General Government	1,236,176	--	40,000	--	1,276,176
Public Safety	5,267,996	67,010	101,224	533,762	5,969,992
Highways and Street	896,622	259,751	190,091	652,330	1,998,794
Sanitation	--	--	--	6,088	6,088
Other Public Works	--	--	--	80	80
Culture and Recreation	622,748	15,002	7,488	58,084	703,322
Debt Service	236,325	228,175	--	--	464,500
Employee Benefits, Insurance and Other	3,543,054	--	--	--	3,543,054
TOTAL EXPENDITURES	<u>11,802,921</u>	<u>569,938</u>	<u>338,803</u>	<u>1,250,344</u>	<u>13,962,006</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(217,112)</u>	<u>(522,880)</u>	<u>--</u>	<u>(596,509)</u>	<u>(1,336,501)</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers	(557,500)	610,000	--	(52,500)	--
Refund of Prior Year Expenditures	21,261	--	--	62,400	83,661
Sale of General Fixed Assets	13,012	--	--	--	13,012
Refund of Prior Year Revenues	(51,859)	(60,000)	--	--	(111,859)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(575,086)</u>	<u>550,000</u>	<u>--</u>	<u>9,900</u>	<u>(15,186)</u>
NET CHANGE IN FUND BALANCES	<u>(792,198)</u>	27,120	--	(586,609)	(1,351,687)
FUND BALANCES: JANUARY 1, 2009	<u>4,304,088</u>	<u>236,782</u>	<u>--</u>	<u>1,578,539</u>	<u>6,119,409</u>
FUND BALANCES: DECEMBER 31, 2009	<u>\$ 3,511,890</u>	<u>\$ 263,902</u>	<u>\$ --</u>	<u>\$ 991,930</u>	<u>\$ 4,767,722</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009**

	<u>Business-Type Activities Sewer Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,516,048
Investments	6,406,189
Accounts Receivable	229,985
Due from Other Funds	3,387
Due from Other Governments	1,000,000
Prepaid Expenses	<u>29,955</u>
Total Current Assets	<u>10,185,564</u>
Noncurrent Assets:	
Other Assets	
Restricted Assets	<u>5,293,652</u>
Total Other Assets	<u>5,293,652</u>
Capital Assets	
Land and Right of Ways	1,680,782
Machinery and Equipment	3,933,824
Collection Lines	23,197,351
Treatment Plant	31,051,347
Construction in Progress	6,593,218
Less: Accumulated Depreciation	<u>(25,588,280)</u>
Total Capital Assets, Net	<u>40,868,242</u>
Total Noncurrent Assets	<u>46,161,894</u>
TOTAL ASSETS	<u><u>\$ 56,347,458</u></u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Business-Type Activities Sewer Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 7,326,124
Intergovernmental Revenue	2,163
Refund of Prior Year Expenses	<u>1,443</u>
TOTAL OPERATING REVENUES	<u>7,329,730</u>
OPERATING EXPENSES	
Cost of Services	4,740,953
Administration	229,984
Amortization	5,348
Depreciation	<u>1,624,852</u>
TOTAL OPERATING EXPENSES	<u>6,601,137</u>
OPERATING INCOME	<u>728,593</u>
NONOPERATING REVENUES (EXPENSES)	
Tapping Fees	145,513
Investment Income	269,139
Interest Expense	(369,732)
Gain on Disposal of Capital Assets	3,884
Capital Grant	<u>1,000,000</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,048,804</u>
CHANGE IN NET ASSETS	1,777,397
TOTAL NET ASSETS – JANUARY 1, 2009	<u>43,108,111</u>
TOTAL NET ASSETS – DECEMBER 31, 2009	<u>\$ 44,885,508</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	Pension Trust					Private Purpose Trust Fund Library Fund	Schenck Trust Fund	Agency Fund Escrow Fund
	Paid Firemen's Defined Contributions	Paid Firemen's Defined Benefit Plan	Non- Uniform Pension Fund	Police Pension Fund				
ASSETS								
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 190,079	\$ 53,468	\$ 202,234
Investments	<u>189,094</u>	<u>2,791,030</u>	<u>6,328,986</u>	<u>9,459,981</u>	--	--	--	--
TOTAL ASSETS	<u>\$ 189,094</u>	<u>\$ 2,791,030</u>	<u>\$ 6,328,986</u>	<u>\$ 9,459,981</u>	<u>\$ 190,079</u>	<u>\$ 53,468</u>	<u>\$ 202,234</u>	
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts Payable	\$ --	\$ --	\$ 951	\$ --	\$ --	\$ --	\$ --	\$ 8,724
Due to Developers	--	--	--	--	--	--	--	<u>193,510</u>
TOTAL LIABILITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 951</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 202,234</u>
NET ASSETS								
Held in the Trust:								
Pension Benefits	189,094	2,791,030	6,328,035	9,459,981	--	--	--	--
Other Purposes	--	--	--	--	190,079	53,468	--	--
TOTAL NET ASSETS	<u>189,094</u>	<u>2,791,030</u>	<u>6,328,035</u>	<u>9,459,981</u>	<u>190,079</u>	<u>53,468</u>	<u>--</u>	<u>--</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 189,094</u>	<u>\$ 2,791,030</u>	<u>\$ 6,328,986</u>	<u>\$ 9,459,981</u>	<u>\$ 190,079</u>	<u>\$ 53,468</u>	<u>\$ 202,234</u>	<u>\$ 202,234</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Springettsbury Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

Springettsbury Township (Township), of the County of York, is a municipality located in York, Pennsylvania. It is a township of the second class based upon its population per square mile. The accompanying financial statements present the Township's primary government and component units over which the Township exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Township's Board of Supervisors (as distinct from legal relationships).

Control by, dependence on, or financial accountability to the Township is determined on the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues or general obligations of the Township, obligations of the Township, obligation of the Township to finance any deficits that may occur, or receipt of significant subsidies from the Township.

The financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units

The Township has one component unit: the Springettsbury Township Development Authority has been reported in the component unit's column.

The component units' columns in the combined financial statements include the financial data of the Township's one component unit: Springettsbury Township Development Authority. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the Township. Audited financial statements of the Authority are available at the Township office.

Joint Venture

Springettsbury Township and Spring Garden Township created York Area United Fire and Rescue, a joint venture, in 2008. Springettsbury Township will fund 55% and Spring Garden Township will fund 45% of operating costs for fire services. The joint venture is not a component unit of Springettsbury Township. Audited financial statements for the York Area United Fire and Rescue are available at the Commission's office located at 3321 Whiteford Road, York, Pennsylvania 17402.

B. 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 by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Additionally, the Township reports the following nonmajor governmental funds:

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The funds included in this category are:

- State Liquid Fuels Fund
- Petitioned Street Lighting Fund
- Fire Company Fund
- Subdivision Recreation Fund

The capital projects funds account for financial resources used for the acquisition, construction and maintenance of certain capital facilities. The funds included in this category are:

- Storm Water Reserve Fund
- Waste Reduction Reserve Fund

The Township also has two additional funds included in these financial statements.

The pension trust funds provide benefits for Township employees and employees of certain other related governmental agencies. The principal revenue sources for these funds are state contributions and employer and employee contributions. The funds included in this category are the Police Pension Fund, Paid Firemen's Pension Fund and Non-uniformed Pension Fund.

The escrow fund is an Agency fund created to hold escrows for Township developers. The escrows are used to cover engineering and other costs for the submission and review of developer plans.

D. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of-related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund, all Special Revenue Funds and all Capital Project Funds on a modified accrual basis of accounting.

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances. As of December 31, 2009, the Township had no encumbrances.

The Board of Supervisors may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings or available fund balance.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Proprietary Fund FASB Usage

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for proprietary activity financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

M. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest, which approximates fair value.

N. Date of Management's Review

Management has evaluated subsequent events through May 26, 2010, the date the financial statements were available to be issued. See Note 22 for subsequent event.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include non-facility related fixed asset purchases are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 – DEPOSITS AND INVESTMENTS – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES (Continued)

Interest Rate Risk

The Township does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a weekly basis.

Credit Risk

The Township has an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2009 the Township's investments in Smith Barney (CitiGroup Global Markets, Inc.) were rated A by Standard & Poor's.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township's investments with Smith Barney are held by Depository Trust Corporation (DTC). As of December 31, 2009, the Township's governmental and business-type investments were exposed to custodial risk as follows:

Insured or Registered	\$ 12,849,882
Uninsured or unregistered with securities held by counterparty's trust department (DTC)	407,491
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name, but pledged collateral under Act 72	<u>995,430</u>
	<u>\$ 14,252,803</u>

Concentration of Credit Risk – Deposits and Investments

The Township's deposits and investments are held at the following financial institutions:

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Smith Barney -- Investments	\$ 13,105,675	67.83%
Sovereign Bank	4,109,941	21.27%
Citizen's Bank	1,953,700	10.11%
Janney Montgomery Scott - Investments	<u>151,698</u>	<u>.79%</u>
	<u>\$ 19,321,014</u>	<u>100.00%</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 – DEPOSITS AND INVESTMENTS – TRUST & AGENCY FUNDS (Continued)

Concentration of Credit Risk – Deposits and Investments

The Township's deposits and investments are held at the following financial institutions:

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Fulton Financial Advisors	\$ 7,496,076	39.01%
ICMA Retirement Corp	6,518,080	33.92%
Legacy Trust Company	4,754,935	24.75%
Citizen's Bank	243,547	1.27%
Commerce Bank	<u>202,234</u>	<u>1.05%</u>
	<u>\$ 19,214,872</u>	<u>100.00%</u>

NOTE 5 – RESTRICTED ASSETS – INVESTMENTS

Note Proceeds held for Capital Projects	\$ 941,930
Capital Improvement Reserve - Sewer	<u>4,351,722</u>
 Total Restricted Assets	 <u>\$ 5,293,652</u>

The capital improvement reserve consists of investments reserved in accordance with an intermunicipal agreement for capital necessary for the purchase and/or replacement of capital assets associated with the operations of Springettsbury Township Waste Water Treatment Plant. The capital improvement reserve is accumulated from a depreciation charge to the connecting municipalities along with a 5% surcharge on transportation, shared pumping station expenses and debt service costs.

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-Type Activities as of December 31, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land and Right of Ways	\$ 1,092,987	\$ 587,795	\$ --	\$ 1,680,782
Collection Lines	22,444,386	752,965	--	23,197,351
Treatment Plant	31,049,053	2,294	--	31,051,347
Construction in Progress	926,929	5,666,289	--	6,593,218
Machinery and Equipment	<u>3,945,954</u>	<u>18,795</u>	<u>(30,925)</u>	<u>3,933,824</u>
 Total Capital Assets	 <u>59,459,309</u>	 <u>7,028,138</u>	 <u>(30,925)</u>	 <u>66,456,522</u>
 Less: Accumulated Depreciation				
Collection Lines	8,355,829	531,467	--	8,887,296
Treatment Plant	12,701,013	924,959	--	13,625,972
Machinery and Equipment	<u>2,937,511</u>	<u>168,426</u>	<u>(30,925)</u>	<u>3,075,012</u>
 Total Accumulated Depreciation	 <u>23,994,353</u>	 <u>1,624,852</u>	 <u>(30,925)</u>	 <u>25,588,280</u>
 Business-Type Activities Capital Assets, Net	 <u>\$ 35,464,956</u>	 <u>\$ 5,403,286</u>	 <u>\$ --</u>	 <u>\$ 40,868,242</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 7 – DUE TO/FROM OTHER FUNDS AND TRANSFERS (Continued)

The interfund receivables and payables balances at December 31, 2009 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 290,719	\$ 5,524
Subdivision Recreation Fund	--	3,967
Enterprise Fund	3,387	--
Capital Improvements Fund	22,309	311,412
Grant Fund	3,217	93,729
Liquid Fuels Fund	95,000	--
	<u>\$ 414,632</u>	<u>\$ 414,632</u>

Interfund balances consist of expenditures related to grants and debt service. Payments made by General Fund are not reimbursed by Capital Improvement and other funds. General Fund owed Sewer Fund for 2009 medical copay due to Sewer Fund. Capital Improvement Fund owed Liquid Fuels Fund for road projects paid with county aid funds.

NOTE 8 – LONG-TERM DEBT – BONDS/NOTES PAYABLE

	<u>Governmental Fund</u>
Balance as of January 1, 2009	\$ 1,813,000
Principal Retirements	<u>(402,000)</u>
Balance as of December 31, 2009	<u>\$ 1,411,000</u>
	<u>Enterprise Fund</u>
Balance as of January 1, 2009	\$ 9,556,000
Principal Retirements	<u>(337,000)</u>
Balance as of December 31, 2009	<u>\$ 9,219,000</u>

General Obligation Note 2007

On April 17, 2007, the Township issued 2007 general obligation notes in the amount of \$10,000,000. The purposes of the notes were to finance construction of Bio-Nutrient Removal Project. The notes bear interest rates ranging from 3.90% to 6.25% payable semi-annually. The notes mature annually from November 2008 to November 2027. The balance outstanding at December 31, 2009 was \$9,219,000.

Springettsbury Township Development Authority – Notes A and B

The Authority, at the request of the Township, issued Guaranteed Revenue Note B in the amount of \$2,019,000. The proceeds were to provide financing for road improvement and building projects. The note bears an interest rate of 3.5% payable in semi-annual installments. The balance outstanding at December 31, 2009 was \$1,411,000 and is scheduled to mature in October 2015.

The Authority issued Guaranteed Revenue Note A in the amount of \$4,788,000. Related information and debt disclosures are reported in separately issued financial statements, which are located at the Township office.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 9 – COMPENSATED ABSENCES (Continued)

For the year ended December 31, 2009, compensated absences changed as follows:

Beginning of year	\$ 26,694
Increase in Compensated Absences	<u>730</u>
End of Year	<u>\$ 27,424</u>

All vested vacation benefits attributable to the Township's governmental and proprietary funds are considered to be payable in the next fiscal year. Accordingly, vested vacation benefits are recorded as a liability in the respective funds. The sick leave termination benefit is included in the government wide financial statements because benefits are recorded as a liability when there is an estimation made by management based on anticipated retirement of the employee.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Other post-employment benefits (OPEB), like pensions, are exchanges of salaries and benefits for future benefits to retain employees. The Township provides certain health care benefits to retired police and fire employees as required by union contracts. Medical (until age 65), dental, vision and prescription benefits require 50 percent co-pay by the retiree. During 2009, there were 13 eligible retirees with medical coverage, dental and vision coverage, and prescription coverage. The cost of retirees' retirement benefits is recognized as an expenditure at the time premiums are paid. Types of OPEB provided are governed by the respective Collective Bargaining Agreements of the police and the firefighters. The Township has not established a separate OPEB Plan Fund and is on the pay-as-you-go basis. The defined benefits OPEB plan is included in the Township's basic financial statements.

POLICE OFFICERS

An officer is eligible for coverage after attainment of age 50 and completion of 25 years of service or upon becoming permanently disabled as a result of a work-related injury. An officer will be eligible for coverage upon early retirement after 20 years of service; however, the officer must pay 105% of the premiums.

An eligible officer may receive medical, dental, prescription drug and vision benefits currently provided to active officers. All coverage ceases upon Medicare eligibility. Benefits are available to the retiree, spouse, and eligible dependents. A retired officer is not eligible for these benefits if the officer and/or spouse has comparable coverage elsewhere. If a retired officer loses their eligibility due to having comparable coverages and later loses the comparable coverages, the retired officer will be eligible to participate in the Township's postretirement benefits.

Upon death of a retired or disabled officer, the spouse and dependents may continue to be covered. Spouse coverage shall cease upon remarriage.

Actuarial Valuation

An actuarial study as of January 1, 2009 was completed by Conrad M. Siegel, Inc. on January 28, 2010 for purposes of GASB Statement No. 45 reporting. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2009; (1) a 4.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) mortality life expectancies based on the GA 1983 table; (4) disability expectancies based on the SOA 1987 group LTD table, with 6 month elimination for males; (5) retirement latest of age 53, age at the completion of 25 years of service, or age on valuation date; (6) before age 62, 60% of eligible retirees assumed to elect coverage on retiring. Upon attainment of age 62-65, 100% of eligible retirees are assumed to elect coverage; (7) 80% married and have a spouse covered at retirement; (8) no other non-spousal dependents assumed; (9) per capita claims cost used; (10) retiree contributions increase at the same rate as the health care trend rate; (11) health care cost 8% in 2009, decreasing 0.5% per year to a rate of 5.5% in 2014 and later.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Funded Status and Funding Progress

Historical trend information required to be disclosed, beginning as of January 1, 2006 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Payroll</u>
POLICE						
1/1/06	\$ --	\$2,179,277	\$2,179,277	0.00%	\$ 1,885,041	115.61%
1/1/09	\$ --	\$3,444,845	\$3,444,845	0.00%	\$ 2,182,066	157.87%
PAID FIREMEN						
1/1/06	\$ --	\$1,170,202	\$1,170,202	0.00%	\$ 913,272	128.13%
1/1/09	\$ --	\$1,586,662	\$1,586,662	0.00%	\$ 948,184	167.34%

NOTE 11 – PROPERTY TAXES

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. The schedule of property taxes levied for 2009 was as follows:

February 15	Levy Date
February 16 to April 17	2% Discount Period
April 17 to June 14	Face Payment Period
Beginning June 15	10% Penalty Period
January 15	Lien Date

The property tax rate for all purposes in 2009 was .87 mills (\$.87 per \$1,000 assessed valuation).

NOTE 12 – CONTINGENCIES

Grant Programs

The Township participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

In the normal course of operations, the Township is involved in various civil disputes. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the Township's financial position.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 14 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions. Based on the actuarial report, the plan is currently underfunded; the member contribution rate is 5%.

“Contributions required” are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan and the annual pension cost contributed for the years ended December 31, 2000 through December 31, 2009 were as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
2000	66,221	71,732	100.0%+
2001	52,306	52,306	100.0%
2002	77,160	78,901	100.0%+
2003	181,971	181,971	100.0%
2004	221,228	222,000	100.0%+
2005	432,744	436,000	100.0%+
2006	398,808	398,808	100.0%
2007	466,890	466,890	100.0%
2008	474,384	474,384	100.0%
2009	500,711	500,711	100.0%

(1) Includes general municipal pension system state aid.

Actuarial Valuation

An actuarial study as of January 1, 2009 was completed by Conrad M. Siegel, Inc. on March 2, 2010. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2009; (1) a 7.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) pre-retirement mortality life expectancies based on the GA 1983 table; (4) loading of 5% added to basic pension costs for disability; (5) death benefit cost computed on the assumption that all participants will have spouses of the same age at the date of eligibility of the benefit; (6) projected salary increases of 5% per year; (7) age 53, age at the completion of 25 years of service, or age on valuation date, if later; (8) provision for administrative expenses added to normal cost; (9) moderate inflation based on long-term historical average rate, (10) actuarial value of assets based on market value as determined by the trustee, and (11) cost of living increases – 4%/year effective after 5 years with a maximum increase of 30%.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and estimated to be payable in the future as a result of employee service to date.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 14 – PENSION PLANS (Continued)

NON-UNIFORMED AND PAID FIREMAN'S PENSION PLANS (Continued)

Eligibility Requirements and Benefits Descriptions

All full-time members of the fire company of Springettsbury Township are eligible to join the Plan upon employment. A participant is eligible for normal retirement after attainment of age 55 and completion of 25 years of service. A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

The normal retirement pension is payable monthly during the participant's lifetime, with payments continuing after the participant's death to the surviving spouse, equal to 50% of the amount payable to the participant. The amount of monthly pension is equal to 50% of average monthly pay.

Average monthly pay is equal to one half his monthly average compensation during the last 36 months of employment. Pay is defined as wages as reported on federal form W-2.

If a participant is disabled in the line of duty, he is eligible for disability pension. The disability pension is equal to 50% of the member's average monthly pay at the time of disability, offset by any Social Security disability payment.

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions. Based on the actuarial report, the plan is underfunded; the member contribution rate is 5%.

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors, which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan and the annual pension cost contributed for the years ended December 31, 2005 through December 31, 2009 is as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
2005	178,304	179,000	100%+
2006	187,995	187,995	100%
2007	196,877	196,877	100%
2008	207,429	207,429	100%
2009	198,134	198,134	100%

(1) Includes general municipal pension system state aid.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 17 – SELF INSURANCE

Health Insurance

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by NCAS. During the year ended December 31, 2009, the Township remitted their contracted monthly amount to IIC who pays the funds directly to NCAS. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. The Township was limited to liability for 2009 claims to \$45,000 individually and \$1,368,212 in the aggregate for claims for 2009.

Employee contributions are recorded as reimbursements in the respective funds. Township contributions for monthly claims liability are shown in the general and sewer funds for the year ended December 31, 2009.

As of December 31, 2009, there are no additional assessments relating to the health plan.

Workers' Compensation

The Township participates in the Susquehanna Municipal Trust, which is a cooperative voluntary trust arrangement for fifteen member municipalities. This agreement states that the Township pays an annual premium to the Trust for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and re-insurance thereof.

It is the intent of the members of the Trust that the Trust will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. The Trust is limited in liability up to \$750,000 for a claim over its life. As of December 31, 2009, the Township is not aware of any additional assessments relating to the Trust.

NOTE 18 – RESERVED FUND BALANCE

The fund balance reservations in the general fund of \$1,750,000 represents amounts reserved by management for potential appropriations in excess of anticipated revenues for the year ended December, 31, 2010.

NOTE 19 – FUND BALANCE - DESIGNATED

The Township has designated \$100,000 of its General Fund fund balance for future Other Post-Employment Benefits (OPEB).

NOTE 20 – CONSTRUCTION COMMITMENTS

As of December 31, 2009, the Township is involved in capital projects. The Township had the following commitment as of December 31, 2009:

<u>Project</u>	<u>Contract Amounts</u>	<u>Amount Paid-to-Date</u>	<u>Commitments Outstanding</u>
BNR Project Improvements	<u>\$ 22,276,751</u>	<u>\$ 5,133,591</u>	<u>\$17,143,160</u>
Safe Routes to School – Haines	<u>\$ 83,942</u>	<u>\$ 62,435</u>	<u>\$ 21,507</u>

REQUIRED SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2009

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Capital Improvements			Grant Fund		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Interest, Rents, and Royalties	\$ 4,000	\$ 746	\$ (3,254)	\$ --	\$ --	\$ --
Intergovernmental Revenues	628,000	41,812	(586,188)	916,847	338,803	(578,044)
Contributions	--	4,500	4,500	--	--	--
TOTAL REVENUES	<u>632,000</u>	<u>47,058</u>	<u>(584,942)</u>	<u>916,847</u>	<u>338,803</u>	<u>(578,044)</u>
EXPENDITURES						
General Government	--	--	--	80,000	40,000	40,000
Public Safety	--	67,010	(67,010)	132,886	101,224	31,622
Highways and Streets	590,000	259,751	330,249	696,473	190,091	506,382
Culture and Recreation	9,500	15,002	(5,502)	7,488	7,488	--
Debt Service	797,500	228,175	569,325	--	--	--
TOTAL EXPENDITURES	<u>1,397,000</u>	<u>569,938</u>	<u>827,062</u>	<u>916,847</u>	<u>338,803</u>	<u>578,044</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(765,000)</u>	<u>(522,880)</u>	<u>242,120</u>	--	--	--
OTHER FINANCING SOURCES (USES)						
Interfund Transfers	765,000	610,000	(155,000)	--	--	--
Refund of Prior Year Revenues	--	(60,000)	(60,000)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>765,000</u>	<u>550,000</u>	<u>(215,000)</u>	--	--	--
NET CHANGE IN FUND BALANCE	--	27,120	27,120	--	--	--
FUND BALANCES - JANUARY 1, 2009	<u>236,782</u>	<u>236,782</u>	--	--	--	--
FUND BALANCES - DECEMBER 31, 2009	<u>\$ 236,782</u>	<u>\$ 263,902</u>	<u>\$ 27,120</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
NON-MAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Storm Water Reserve Fund		Waste Reserve Fund		Total Capital Project Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
REVENUES						
Interest, Rents and Royalties	\$ 500	\$ 313	\$ 1,000	\$ 132	\$ 1,500	\$ 445
Charges for Services	--	--	88,500	56,332	88,500	56,332
Intergovernmental Revenue	--	--	18,500	--	18,500	--
Contributions from Private Sources	--	3,033	--	--	--	3,033
TOTAL REVENUES	<u>500</u>	<u>3,346</u>	<u>108,000</u>	<u>56,464</u>	<u>108,500</u>	<u>59,810</u>
EXPENDITURES						
Sanitation	--	--	13,000	6,088	13,000	6,088
Other Public Works	500	80	--	--	500	80
TOTAL EXPENDITURES	<u>500</u>	<u>80</u>	<u>13,000</u>	<u>6,088</u>	<u>13,500</u>	<u>6,168</u>
EXCESS OF REVENUES OVER EXPENDITURES	--	3,266	95,000	50,376	95,000	53,642
OTHER FINANCING SOURCES (USES)						
Interfund Transfer	\$ --	\$ --	\$ (95,000)	\$ (95,000)	\$ (95,000)	\$ (95,000)
TOTAL OTHER FINANCING SOURCES (USES)	--	--	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>
NET CHANGE IN FUND BALANCE	--	3,266	--	(44,624)	--	(41,358)
FUND BALANCES - JANUARY 1, 2009	96,132	96,132	69,952	69,952	166,084	166,084
FUND BALANCES - DECEMBER 31, 2009	<u>\$ 96,132</u>	<u>\$ 99,398</u>	<u>\$ 69,952</u>	<u>\$ 25,328</u>	<u>\$ 166,084</u>	<u>\$ 124,726</u>

SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2009

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
REVENUES			
Real Estate Taxes and Penalties	\$ 51,399	\$ --	\$ 51,399
Interest, Rents and Royalties	9,768	445	10,213
Intergovernmental Revenue	532,858	--	532,858
Charges for Services	--	56,332	56,332
Contributions from Private Sources	<u>--</u>	<u>3,033</u>	<u>3,033</u>
TOTAL REVENUES	<u>594,025</u>	<u>59,810</u>	<u>653,835</u>
EXPENDITURES			
Public Safety	533,762	--	533,762
Highways and Streets	652,330	--	652,330
Sanitation	--	6,088	6,088
Other Public Works	--	80	80
Culture and Recreation	<u>58,084</u>	<u>--</u>	<u>58,084</u>
TOTAL EXPENDITURES	<u>1,244,176</u>	<u>6,168</u>	<u>1,250,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(650,151)</u>	<u>53,642</u>	<u>(596,509)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	42,500	(95,000)	(52,500)
Refund of Prior Year Expenditures	<u>62,400</u>	<u>--</u>	<u>62,400</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>104,900</u>	<u>(95,000)</u>	<u>9,900</u>
NET CHANGE IN FUND BALANCE	(545,251)	(41,358)	(586,609)
FUND BALANCES – JANUARY 1, 2009	<u>1,412,455</u>	<u>166,084</u>	<u>1,578,539</u>
FUND BALANCES – DECEMBER 31, 2009	<u>\$ 867,204</u>	<u>\$ 124,726</u>	<u>\$ 991,930</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS - NONMAJOR
DECEMBER 31, 2009**

	<u>Storm Water Reserve Fund</u>	<u>Waste Reserve Fund</u>	<u>Total Capital Project Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 99,398	\$ 25,328	\$ 124,726
Due from Other Funds	<u> --</u>	<u> --</u>	<u> --</u>
TOTAL ASSETS	<u>\$ 99,398</u>	<u>\$ 25,328</u>	<u>\$ 124,726</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES			
Reserved Fund Balance	<u>99,398</u>	<u>25,328</u>	<u>124,726</u>
TOTAL FUND BALANCES	<u>99,398</u>	<u>25,328</u>	<u>124,726</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,398</u>	<u>\$ 25,328</u>	<u>\$ 124,726</u>

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