

**SPRINGETTSBURY TOWNSHIP SEWER FUND**  
**STATEMENT OF NET LOCAL (TREATMENT) COSTS**  
**STATEMENT OF TRANSPORTATION EXPENSES**  
**AND LOCAL (TREATMENT) EXPENSES**  
**SCHEDULE OF ALLOCATED TRANSPORTATION COSTS**  
**SCHEDULE OF ALLOCATED YORK CITY PUMP STATION COSTS**  
**SCHEDULE OF ALLOCATED NET LOCAL (TREATMENT) COSTS**  
**STATEMENT OF CAPITAL ADDITIONS ACCOUNT**  
**DECEMBER 31, 2014**

SPRINGETTSBURY TOWNSHIP SEWER FUND  
YORK, PENNSYLVANIA

DECEMBER 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Township Supervisors  
Springettsbury Township  
York, Pennsylvania

### Report on the Financial Statements

We have audited the statement of net local (treatment) costs, the statement of transportation expenses and local (treatment) expenses, and the related schedules of allocated transportation costs, allocated York City pump station costs, allocated net local (treatment) costs, and capital additions account, of the Springettsbury Township Sewer Fund (collectively referred to as "financial statements") for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Springettsbury Township's Sewer Fund financial statements as listed in the table of contents. These financial statements were prepared under the terms of the Articles of Agreement dated January 23, 2003, between Springettsbury Township, Springettsbury Township Sewer Authority, York Township, Windsor Township, Spring Garden Township, Manchester Township, Red Lion Borough, Dallastown Borough, Windsor Borough, and Yoe Borough.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Springettsbury Township  
York, Pennsylvania

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the transportation costs, net local (treatment) costs and allocated transportation costs, York City pump station costs, and allocated net local (treatment) costs, and capital additions account of Springettsbury Township Sewer Fund for the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America and the provisions of the Articles of Agreement referred to in the first paragraph.

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
June 5, 2015

**SPRINGETTSBURY TOWNSHIP SEWER FUND**  
**STATEMENT OF NET LOCAL (TREATMENT) COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

|   |               |                      |
|---|---------------|----------------------|
| <b>LOCAL (TREATMENT) REVENUES</b>                   |               |                      |
| Hauling Service                                     | \$ 795,056    |                      |
| Samples   | 84,714        |                      |
| Discharge Permits                                   | 12,175        |                      |
| Fines   | 500           |                      |
| Utility Contract Reimbursement                      | 26,526        |                      |
| Sale of Property                                    | 29,348        |                      |
| Miscellaneous                                       | 50            |                      |
| Late Fees   | 1,254         |                      |
| Refunds   | <u>32,999</u> |                      |
| <br>  |               |                      |
| Total Local (Treatment) Revenues                    |               | \$ 982,622           |
| <br>  |               |                      |
| Local (Treatment) Expenses                          |               | <u>4,486,238</u>     |
| <br>  |               |                      |
| Net Local (Treatment) Costs                         |               | <u>3,503,616</u>     |
| <br>  |               |                      |
| Total Gallons of Sewage Treated                     |               | <u>4,603,100,197</u> |
| <br>  |               |                      |
| Local Cost of Treatment per 1,000 Gallons of Sewage |               | <u>\$ .7611</u>      |

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

**SPRINGETTSBURY TOWNSHIP SEWER FUND**  
**STATEMENT OF TRANSPORTATION EXPENSES AND LOCAL (TREATMENT) EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

|   | Intermunicipal Shared Expenses |                           |                          |                      |                     |  |
|---|--------------------------------|---------------------------|--------------------------|----------------------|---------------------|--|
|   | Transportation Expenses        |                           |                          |                      |                     |  |
|   | Springettsbury<br>Expenses     | York City<br>Diversion PS | Shared<br>Transportation | Local<br>(Treatment) | Total<br>Expenses   |  |
| <b>EXPENSES</b>   |                                |                           |                          |                      |                     |  |
| Salaries  | \$ 263,321                     | \$ 3,894                  | \$ 17,685                | \$ 991,774           | \$ 1,276,674        |  |
| Depreciation Expense                                      | 323,887                        | 56,287                    | 97,543                   | 619,623              | 1,097,340           |  |
| Amortization Expense                                      | 10,581                         | --                        | --                       | --                   | 10,581              |  |
| Debt Expense  | 109,664                        | --                        | --                       | --                   | 109,664             |  |
| Utilities   | 70,128                         | 8,248                     | 2,972                    | 804,896              | 886,244             |  |
| Insurance and Employee Benefits                           | 107,913                        | 1,596                     | 7,247                    | 637,571              | 754,327             |  |
| Chemicals   | 971                            | --                        | --                       | 393,705              | 394,676             |  |
| Maintenance and Repairs                                   | 45,835                         | 2,783                     | 34,684                   | 303,691              | 386,993             |  |
| Vehicle Operations  | 43,117                         | 638                       | 2,896                    | 49,500               | 96,151              |  |
| Administrative Expenses                                   | 159,899                        | 5,216                     | --                       | 134,885              | 300,000             |  |
| Payroll Taxes   | 20,269                         | 300                       | 1,361                    | 80,436               | 102,366             |  |
| Engineering Services                                      | 14,419                         | --                        | --                       | 17,615               | 32,034              |  |
| Contracted Services                                       | 28,479                         | 63,953                    | 9,217                    | 300,301              | 401,950             |  |
| Materials and Supply                                      | 5,910                          | 89                        | 553                      | 61,630               | 68,182              |  |
| Professional Services                                     | 25,533                         | --                        | --                       | 29,091               | 54,624              |  |
| Training, Seminars, Conferences                           | 710                            | --                        | 1,500                    | 10,176               | 12,386              |  |
| Rental Expense  | --                             | --                        | 150                      | 452                  | 602                 |  |
| Equipment Purchase  | 10,062                         | --                        | --                       | 25,074               | 35,136              |  |
| Advertising   | --                             | --                        | --                       | 1,003                | 1,003               |  |
| Loss on Disposal of Assets                                | --                             | --                        | --                       | 24,815               | 24,815              |  |
| Capacity Rental   | 106,000                        | --                        | --                       | --                   | 106,000             |  |
|   | <b>\$ 1,346,698</b>            | <b>\$ 143,004</b>         | <b>\$ 175,808</b>        | <b>\$ 4,486,238</b>  | <b>\$ 6,151,748</b> |  |
| <b>TOTAL</b>  |                                |                           |                          |                      |                     |  |
| <b>Additional Expenses</b>                                |                                |                           |                          |                      |                     |  |
| BNR depreciation – not billed due to billing debt service |                                |                           |                          |                      | \$ 1,238,048        |  |
| Depreciation – allocated to contributed capital - grants  |                                |                           |                          |                      | 579,555             |  |
| York City – additional capacity billed directly           |                                |                           |                          |                      | 725,000             |  |
| Debt service interest billed directly                     |                                |                           |                          |                      | 1,043,546           |  |
|   |                                |                           |                          |                      | <b>\$ 9,737,897</b> |  |

**TOTAL EXPENSES**

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

**SPRINGETTSBURY TOWNSHIP SEWER FUND  
SCHEDULE OF ALLOCATED TRANSPORTATION COSTS  
YEAR ENDED DECEMBER 31, 2014**

|                              | Metered Gallons      | Miles from Connection to Plant | Gallon Miles          | Percentage of Gallon-Miles Sewage Contributed | Allocation of Transportation Costs (Note 3) | Transportation Revenues from Connecting Municipalities | Differences |
|------------------------------|----------------------|--------------------------------|-----------------------|---|---|--|-------------|
| OUTSIDE MUNICIPALITIES       |                      |                                |                       |   |   |  |             |
| Spring Garden Township       | 216,670,926          | 6.25                           | 1,354,193,288         | 5.10%   | \$ 8,966                                    | \$ 6,723   | \$ 2,243    |
| York Township                | 1,552,114,605        | 8.07                           | 12,525,564,862        | 47.14%  | 82,876                                      | 58,730   | 24,146      |
| Manchester Township          | 107,036,010          | 1.19                           | 127,372,852           | 0.48%   | 844   | 553  | 291         |
| Windsor Township             | <u>95,384,884</u>    | 8.00                           | <u>763,079,072</u>    | <u>2.86%</u>                                  | <u>5,028</u>                                | <u>4,306</u>   | <u>722</u>  |
| TOTAL OUTSIDE MUNICIPALITIES | 1,971,206,425        |                                | 14,770,210,074        | 55.58%  | 97,714                                      | \$ 70,312  | \$ 27,402   |
| SPRINGETTSBURY TOWNSHIP      | <u>2,052,573,140</u> | 5.75                           | <u>11,802,295,555</u> | <u>44.42%</u>                                 | <u>78,094</u>                               |  |             |
|                              | <u>4,023,779,565</u> |                                | <u>26,572,505,629</u> | <u>100.00%</u>                                | <u>\$ 175,808</u>                           |  |             |

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

**SPRINGGETTSBURY TOWNSHIP SEWER FUND**  
**SCHEDULE OF ALLOCATED YORK CITY PUMP STATION COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

|                         | <u>% of 4.8 MGD</u> | <u>Allocation of<br/>York City PS<br/>Costs</u> | <u>York City PS<br/>Revenues from<br/>Connecting<br/>Municipalities</u> | <u>Differences</u> |
|-------------------------|---------------------|---|---|--------------------|
| Dallastown Borough      | 0.131               | \$ 187  | \$ 141  | \$ 46              |
| Manchester Township     | 1.910               | 2,731   | 2,057   | 674                |
| Red Lion Borough        | 0.073               | 105   | 79  | 26                 |
| Spring Garden Township  | --                  | --  | --  | --                 |
| Springettsbury Township | 28.830              | 41,228  | 31,042  | 10,186             |
| Windsor Borough         | 0.109               | 156   | 117   | 39                 |
| Windsor Township        | 23.005              | 32,898  | 24,770  | 8,128              |
| Yoe Borough             | 0.357               | 511   | 384   | 127                |
| York Township           | <u>45.585</u>       | <u>65,188</u>                                   | <u>49,082</u>   | <u>16,106</u>      |
|                         | <u>100.000</u>      | <u>\$ 143,004</u>                               | <u>\$ 107,672</u>   | <u>\$ 35,332</u>   |

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

**SPRINGETTSBURY TOWNSHIP SEWER FUND**  
**SCHEDULE OF ALLOCATED NET LOCAL (TREATMENT) COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

|                                      | <u>Metered<br/>Gallons</u>  | <u>Percentage<br/>of Sewage<br/>Contributed</u> | <u>Allocation of<br/>Net Local<br/>(Treatment)<br/>Cost</u> | <u>Local<br/>(Treatment)<br/>Revenues<br/>from<br/>Connecting<br/>Municipalities</u> | <u>Differences</u>        |
|--------------------------------------|-----------------------------|---|---|--|---------------------------|
| <b>OUTSIDE MUNICIPALITIES</b>        |                             |   |   |  |                           |
| Spring Garden Township               | 216,670,926                 | 4.71%   |   |  |                           |
| Adjusted Flow – Spring Garden        | <u>31,054,510</u>           | <u>.67%</u>                                     |   |  |                           |
| Spring Garden Township Total Flows   | <u>247,725,436</u>          | <u>5.38%</u>                                    | \$ 188,495  | \$ 199,528   | \$ (11,033)               |
| York Township                        | 1,552,114,605               | 33.72%  |   |  |                           |
| Adjusted Flow – York Township        | 229,203,221                 | 4.98%   |   |  |                           |
| York City Diversion Pump Station     | <u>(4,146,943)</u>          | <u>(.09%)</u>                                   |   |  |                           |
| York Township Total Flows            | <u>1,777,170,883</u>        | <u>38.61%</u>                                   | 1,352,746   | 1,356,213  | (3,467)                   |
| Manchester Township                  | 107,036,010                 | 2.33%   |   |  |                           |
| Adjusted Flow – Manchester Township  | 6,086,789                   | .13%  |   |  |                           |
| York City Diversion Pump Station     | <u>(171,272)</u>            | <u>(.01%)</u>                                   |   |  |                           |
| Manchester Township Total Flows      | <u>112,951,527</u>          | <u>2.45%</u>                                    | 85,838  | 79,522   | 6,316                     |
| Windsor Township                     | 95,384,884                  | 2.07%   |   |  |                           |
| Adjusted Flow – Windsor Township     | 93,498,122                  | 2.03%   |   |  |                           |
| York City Diversion Pump Station     | <u>(2,062,452)</u>          | <u>(.04%)</u>                                   |   |  |                           |
| Windsor Township Total Flows         | <u>186,820,554</u>          | <u>4.06%</u>                                    | <u>142,247</u>  | <u>155,068</u>   | <u>(12,821)</u>           |
| <b>TOTAL OUTSIDE MUNICIPALITIES</b>  | <u><b>2,324,668,400</b></u> | <u><b>50.50%</b></u>                            | <u><b>1,769,326</b></u>                                     | <u><b>\$ 1,790,331</b></u>   | <u><b>\$ (21,005)</b></u> |
| <b>SPRINGETTSBURY TOWNSHIP</b>       |                             |   |   |  |                           |
| Total Treated (measured)             | 4,603,100,197               |   |   |  |                           |
| Less Outside Municipalities          | <u>(2,324,668,400)</u>      |   |   |  |                           |
| <b>TOTAL SPRINGETTSBURY TOWNSHIP</b> | <u><b>2,278,431,797</b></u> | <u><b>49.50%</b></u>                            | <u><b>1,734,290</b></u>                                     |  |                           |
|                                      | <u><b>4,603,100,197</b></u> | <u><b>100.00%</b></u>                           | <u><b>\$ 3,503,616</b></u>                                  |  |                           |

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

**SPRINGETTSBURY TOWNSHIP SEWER FUND**  
**INTERMUNICIPAL CAPITAL IMPROVEMENT FUND**  
**STATEMENT OF CAPITAL ADDITIONS ACCOUNT**  
**YEAR ENDED DECEMBER 31, 2014**

|                         | Cash<br>Balance at<br>1/1/2014 | (A)<br>Additional<br>Contributions<br>(Withdrawals) | 5% on<br>Transport<br>2014 | 5% on<br>Diversion<br>Pump Station-<br>2014 | 5% on<br>Debt<br>Service -<br>2014 | (E)<br>Investment<br>Income | (B)<br>Depreciation<br>Transferred<br>2014 | (C)<br>State<br>Reimbursement | (D)<br>Capital<br>Improvements | Cash<br>Balance at<br>12/31/14 |
|-------------------------|--------------------------------|---|----------------------------|---|------------------------------------|-----------------------------|--|-------------------------------|--------------------------------|--------------------------------|
| Dallastown Borough      | 156,791                        | --  | --                         | 7   | 4,938                              | 3,530                       | 28,958                                     | 11,508                        | (10,307)                       | 195,425                        |
| Manchester Township     | 227,795                        | --  | 28                         | 103   | 6,954                              | 5,095                       | 40,428                                     | 16,066                        | (14,389)                       | 282,080                        |
| Red Lion Borough        | 260,027                        | --  | --                         | 4   | 7,760                              | 5,793                       | 45,255                                     | 17,984                        | (16,107)                       | 320,716                        |
| Spring Garden Township  | 363,582                        | --  | 336                        | --  | 7,357                              | 7,649                       | 42,772                                     | 16,997                        | (15,223)                       | 423,470                        |
| Springettsbury Township | 1,719,486                      | (1,271,521)   | 2,911                      | 1,552                                       | 49,513                             | 15,852                      | 345,532                                    | 137,312                       | (122,982)                      | 877,655                        |
| Windsor Borough         | 58,616                         | --  | --                         | 6   | 1,683                              | 1,300                       | 9,970                                      | 3,962                         | (3,549)                        | 71,988                         |
| Windsor Township        | 511,759                        | --  | 215                        | 1,239                                       | 9,876                              | 11,548                      | 100,557                                    | 39,961                        | (35,790)                       | 639,365                        |
| Yoe Borough             | 29,570                         | --  | --                         | 19  | 806                                | 662                         | 5,368                                      | 2,133                         | (1,910)                        | 36,648                         |
| York Township           | <u>1,027,018</u>               | <u>--</u>   | <u>2,937</u>               | <u>2,454</u>                                | <u>11,892</u>                      | <u>22,172</u>               | <u>154,613</u>                             | <u>61,442</u>                 | <u>(55,030)</u>                | <u>1,227,498</u>               |
|                         | <u>4,354,644</u>               | <u>(1,271,521)</u>                                  | <u>6,427</u>               | <u>5,384</u>                                | <u>100,779</u>                     | <u>73,601</u>               | <u>773,453</u>                             | <u>307,365</u>                | <u>(275,287)</u>               | <u>4,074,845</u>               |

Note (A): Contributions represent the amounts reclassified by category and the remaining distribution of \$353,400 as authorized by the member municipalities.

Note (B): Depreciation transferred is based on contributed amounts included in operating charges to each municipality, and allocated based on percentage of average daily flow in exhibit A of the agreement.

Note (C): State reimbursements represent the reimbursement of costs for the I-83 Project and are allocated based on percentage of average daily flow in Exhibit A of the agreement.

Note (D): Current year capital improvements to shared plant are allocated based on the percentage of total average daily flow per exhibit A of the agreement.

Note (E): Investment Earnings Realized \$ 68,798  
Add: Unrealized Change in Market Value 4,803

Net Investment Income \$ 73,601

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

SPRINGETTSBURY TOWNSHIP SEWER FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting Policies

The accompanying financial statements of Springettsbury Township Sewer Fund (Sewer Fund) are prepared on the accrual basis of accounting, which is the same basis of accounting used to prepare the annual basic financial statements.

B. Transportation Costs, York City Pump Station Costs, and Net Local (Treatment) Costs

In accordance with the provisions of the Articles of Agreement dated January 23, 2003 between Springettsbury Township, Springettsbury Township Sewer Authority, York Township, Windsor Township, Red Lion Borough, Dallastown Borough, Windsor Borough, Yoe Borough, Spring Garden Township and Manchester Township, the costs of treatment and transportation of the participating municipalities' sewage are to be shared proportionately by each municipality.

At the time of recording in the accounting system, costs of transportation are determined to be shared (allocable to Springettsbury Township and the outside municipalities), unshared (Springettsbury Township cost only), or associated with the York City pump station. Shared transportation costs are allocated to the outside municipalities based on the relative number of gallon-miles for each such outside municipality. Gallon-miles are based on sewage gallonage from each municipality and the distance of each municipality is from the treatment plant. Weighted miles for each municipality are included in the agreement in Exhibit "B".

Pump station costs are allocated to the outside municipalities based on the relative participation in the capacity purchased from York City.

Net local (treatment) costs, as defined by the Articles of Agreement, are total costs less any state or federal grants, subsidies, or reimbursements, and any other receipts other than from the connecting municipalities. These net local (treatment) costs are allocated to each municipality based on sewage contributed to the plant from each connecting municipality.

The Articles of Agreement specify that each connecting municipality share net local (treatment) costs and transportation costs based on the sewage flows metered or measured on an annual basis.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

D. Capital Assets

Capital assets are stated at cost. Cost includes engineering fees, interest, and other expenses incurred during the period of construction as required by generally accepted accounting principles. Major additions and betterments are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed.

**SPRINGGETTSBURY TOWNSHIP SEWER FUND**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets. Estimated useful lives for depreciable assets are as follows:

|                              |            |
|------------------------------|------------|
| Treatment Plant              | 5-50 Years |
| Collection Lines             | 5-50 Years |
| Machinery and Equipment      | 3-20 Years |
| Other Furniture and Fixtures | 5-15 Years |

E. Date of Management's Review

Management has evaluated subsequent events through June 5, 2015, the date the financial statements were available to be issued.

NOTE 2 – CAPITAL ASSETS

A summary of property, plant and equipment as of December 31, 2014, is as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Land and Right-of-Ways            | \$ 1,824,307         |
| Collection Lines                  | 26,996,854           |
| Treatment Plant                   | 55,861,620           |
| Machinery and Equipment           | <u>3,745,841</u>     |
|                                   | 88,428,622           |
| Less: Accumulated Depreciation    | <u>(37,572,432)</u>  |
| Net Property, Plant and Equipment | <u>\$ 50,856,190</u> |

NOTE 3 – ALLOCATION OF TRANSPORTATION COSTS

Total transportation costs were \$1,665,510. Sewer Fund management determined that 11% of total transportation costs (or \$175,808) was allocable to the participating municipalities based on direct determination as a shared cost. The remaining 89% (or \$1,489,702) was allocated solely to Springgettsbury Township or identified as a York City pump station cost.

NOTE 4 – NET FLOW ADJUSTMENT

The Township in conjunction with the participating municipalities adjusted the influent metered totals at the connection points to the influent flow entering the plant. The net flow adjustment consists of the unmeasured flow that did not flow into the wastewater plant. The Township's wastewater personnel and engineers have reviewed the unmeasured flow and resulting adjustment of 588,285,783 gallons. According to Section 12.04c of the Agreement, the net flow adjustment is allocated based on miles percentage of the participating municipalities.

|                          | <u>Net Flow<br/>Adjustment<br/>(Gallons)</u> |
|--------------------------|--|
| Spring Garden Township   | 31,054,510                                   |
| York Township            | 229,203,221                                  |
| Manchester Township      | 6,086,789                                    |
| Windsor Township         | 93,498,122                                   |
| Springgettsbury Township | <u>228,443,141</u>                           |
|                          | <u>588,285,783</u>                           |

**SPRINGETTSBURY TOWNSHIP SEWER FUND**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**NOTE 5 – CAPITAL ADDITION ACCOUNT**

The Articles of Agreement created a capital improvement fund for the purpose of creating a reserve of money to pay for capital additions of the shared systems. Funding for the account will come from a 5% capital addition charge to each appropriate municipality for transportation, pumping station and debt service costs for the year. In addition, depreciation charges billed to the participating municipalities for treatment and other shared expenses is transferred to their respective capital accounts based on percentage of average daily flow in exhibit A of the agreement.