

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2010

C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	I
MANAGEMENT DISCUSSION AND ANALYSIS	a - j
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	1
STATEMENT OF ACTIVITIES	3
BALANCE SHEET – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –GOVERNMENTAL FUNDS	6
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	7
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS	10
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	11
STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	12
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	13
NOTES TO FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	36
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CAPITAL IMPROVEMENTS FUND	37
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR SPECIAL REVENUE FUNDS	38
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR CAPITAL PROJECT FUNDS	39

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2010

C O N T E N T S

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – ALL NON-MAJOR FUNDS	40
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – ALL NON-MAJOR FUNDS	41
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS – NONMAJOR	42
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS – NONMAJOR	43
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS – NON-MAJOR	44

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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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages a through j and pages 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
May 10, 2011

SPRINGETTSBURY TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2010

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.

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, 2010. In addition, referenced tables also have been prepared to provide 2009 and 2010 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 \$111,455,441. Of this amount \$73,377,113 represents the Township's business-type activities (sewer utility) and \$38,078,328 general governmental activities. These figures are specifically shown on page one of the financial statements.

The costs of all Township programs totaled \$23,278,416 (page 3).

The Township completed \$580,768 (page 23) in capital projects for equipment, parks, road construction and improvements to the Township's capital assets during 2010.

The Township's Sewer Utility also accomplished some \$16,480,204 in construction and improvements to capital plant assets (page 22).

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

For the year ending 2010, a comprehensive analysis of Government-wide financial information is being presented to compare 2009 and 2010 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

	2009			2010		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 5,301,811	\$ 15,479,216	\$ 20,781,027	\$ 4,192,237	\$ 17,613,243	\$ 21,805,480
Capital Assets	35,353,390	40,868,242	76,221,632	33,886,091	55,763,870	89,649,961
Total Assets	40,655,201	56,347,458	97,002,659	38,078,328	73,377,113	111,455,441
Current Term Liabilities	749,089	2,590,950	3,340,039	597,302	2,852,701	3,450,003
Other (Non-Current)	1,853,341	8,871,000	10,724,341	2,003,510	25,785,259	27,788,769
Total Liabilities	2,602,430	11,461,950	14,064,380	2,600,812	28,637,960	31,238,772
Net Assets						
Invested in Capital Assets (Net of Related Debt)	33,942,390	32,591,172	66,533,562	32,690,091	31,828,714	64,518,805
Restricted	613,073	4,351,722	4,964,795	473,325	6,229,504	6,702,829
Unrestricted	3,497,308	7,942,614	11,439,922	2,314,100	6,680,935	8,995,035
Total Net Assets	38,052,771	44,885,508	82,938,279	35,477,516	44,739,153	80,216,669
Total Liabilities and Net Assets	\$ 40,655,201	\$ 56,347,458	\$ 97,002,659	\$ 38,078,328	\$ 73,377,113	\$ 111,455,441

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

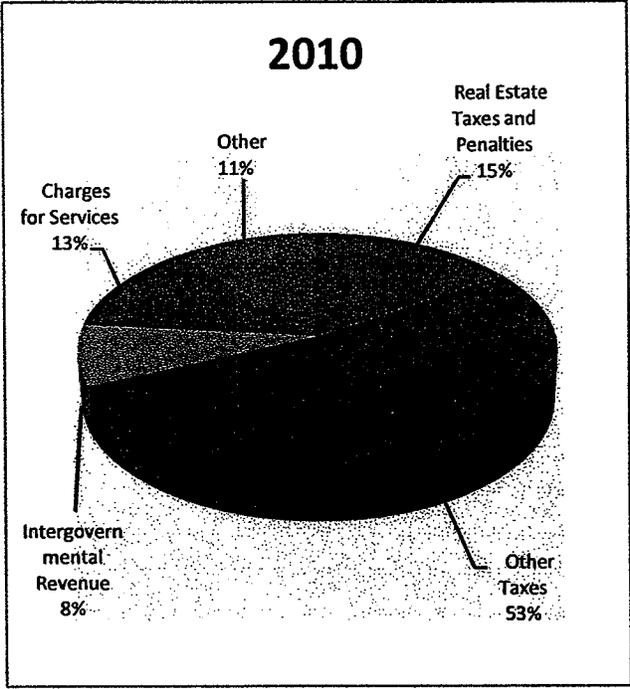
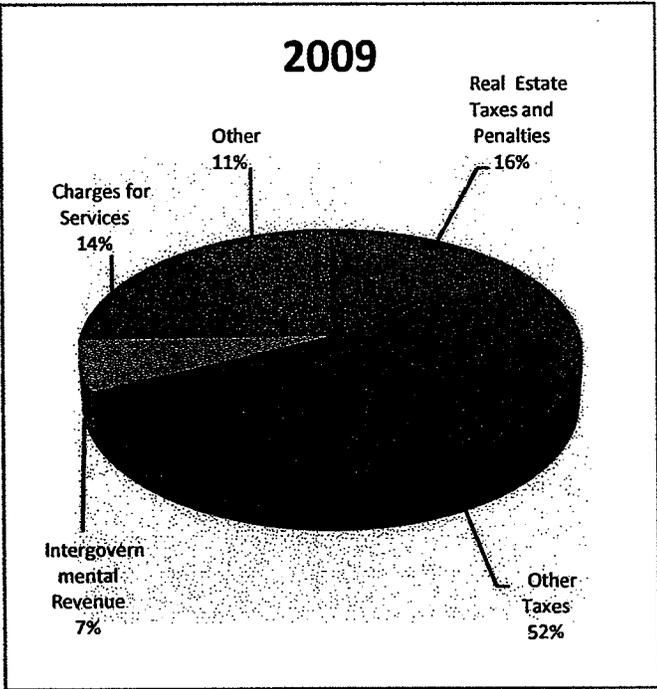
The Township's combined net assets for 2010 amounted to \$80,216,669. Net Assets for Business-type activities (sewer utility operations) amounted to \$44,739,153. The Township's unrestricted net assets for governmental activities which represent the amount of net assets that can be used to operate day to day services stood at \$2,314,100.

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.

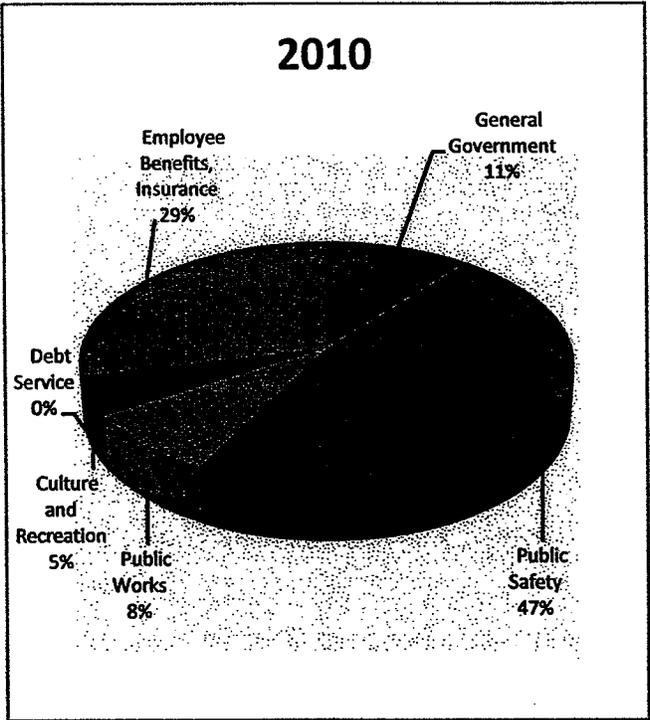
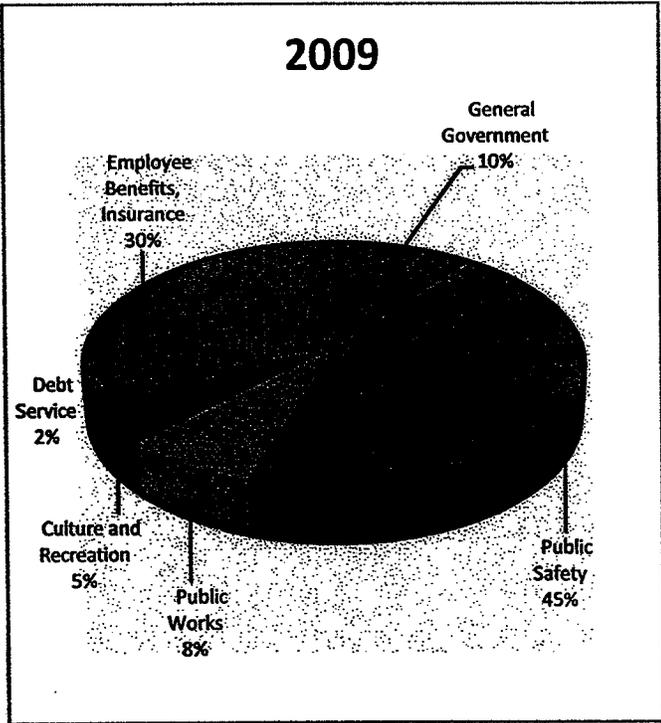
Statement of Revenues and Expenditures and
Changes in Fund Balances
December 31

	2009			2010		
	General Fund	Other Funds	Total Governmental Funds	General Fund	Other Funds	Total Governmental Funds
Revenues						
Real Estate Taxes and Penalties	\$ 1,846,539	\$ 51,399	\$ 1,897,938	\$ 1,765,985	\$ 83,394	\$ 1,849,379
Other Taxes	6,024,758	-	6,024,758	6,029,688	-	6,029,688
Intergovernmental Revenues	770,522	913,473	1,683,995	943,117	754,538	1,697,655
Charges for Services	1,625,809	56,332	1,682,141	1,429,673	113,874	1,543,547
Other	1,318,181	18,492	1,336,673	1,236,839	22,909	1,259,748
Total Revenues	11,585,809	1,039,696	12,625,505	11,405,302	974,715	12,380,017
Expenditures						
General Government	1,236,176	40,000	1,276,176	1,280,038	37,006	1,317,044
Public Safety	5,267,996	701,996	5,969,992	5,643,032	124,474	5,767,506
Public Works (Highways, Sanitation, Streets)	896,622	1,108,340	2,004,962	1,005,061	887,505	1,892,566
Culture and Recreation	622,748	80,574	703,322	634,116	28,189	662,305
Debt Service	236,325	228,175	464,500	2,575	265,037	267,612
Employee Benefits, Insurances and Other	3,543,054	-	3,543,054	3,416,617	-	3,416,617
Total Expenditures	11,802,921	2,159,085	13,962,006	11,981,439	1,342,211	13,323,650
Other Financing Uses						
Interfund Transfers	(557,500)	557,500	-	(155,000)	155,000	-
Refunds Expenditures/Revenues	(30,598)	2,400	(28,198)	(23,542)	14,772	(8,770)
Sale of Fixed Assets	13,012	-	13,012	2,616	-	2,616
Contribution to Authority	-	-	-	-	-	-
Total Other Financing Uses	(575,086)	559,900	(15,186)	(175,926)	169,772	(6,154)
Net Changes in Fund Balances	(792,198)	(559,489)	(1,351,687)	(752,063)	(197,724)	(949,787)
Fund Balances:						
January 1	4,304,088	1,815,321	6,119,409	3,511,890	1,255,832	4,767,722
December 31	\$ 3,511,890	\$ 1,255,832	\$ 4,767,722	\$ 2,759,827	\$ 1,058,108	\$ 3,817,935

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 ten.

	<u>December 31</u>	
	<u>BUSINESS TYPE ACTIVITIES</u>	
	Sewer Fund	
	<u>2009</u>	<u>2010</u>
Operating Revenues		
Charges for Services	\$ 7,326,124	\$ 7,006,014
Intergovernmental Revenues and Other	<u>3,606</u>	<u>4,312</u>
Total Operating Revenues	7,329,730	7,010,326
Operating Expenditures		
Costs of Services	4,740,953	4,909,055
Administration	229,984	229,338
Amortization and Depreciation	<u>1,630,200</u>	<u>1,603,142</u>
Total Operating Expenditures	6,601,137	6,741,535
Operating Income(Loss)	728,593	268,791
Non Operating Revenues (Expenditures)		
Tapping Fees	145,513	56,542
Investment Income	269,139	188,944
Bond Interest	(369,732)	(1,043,052)
Gain or Loss on Sale of Assets	3,884	29,043
Capital Grant	1,000,000	-
Build America Bonds-Interest Subsidy	<u> </u>	<u>219,502</u>
Total Non Operating Revenues (Expenditures)	1,048,804	(549,021)
Capital Contributions	-	133,875
Change in Net Assets	1,777,397	(146,355)
Total Net Assets - January 1	43,108,111	44,885,508
Total Net Assets - December 31	\$ 44,885,508	\$ 44,739,153

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was a decrease of \$752,063. This was primarily due to less General Fund revenue during 2010. The actual General Fund balance for 2010 is \$2,759,827. 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 (\$146,355). Page ten highlights these activities by specific numbers and analysis.

The Township's Funds

Governmental and Business Type Funds

As of 2010 year end, the governmental funds (please refer to page 6) reported a combined fund balance of \$3,817,935. 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 \$44,739,153. 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 2010, the Township had \$33,886,091 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 2010 had net capital assets of \$55,763,870. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 22.

Debt

At December 31, 2010 the Governmental long term debt (bonds and notes) stood at \$1,196,000 and the sewer fund debt at \$27,140,000. As reported in the Notes to the Financial Statements (pages 24-25), the Township issued new general obligation bonds during 2010 – Series A Bonds at \$18,175,000 and Series AA for \$9,455,000. These bonds were issued to finance the sewer system improvements. Please refer to page 24 of the notes for additional details.

BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of the fiscal year, the Township Budget adapts to and sustains a variety of changes to its expenditure plans. This is achieved based upon the Township's continuing revenue resources and constant expenditure monitoring by departmental staff. As has been described earlier, the Township's general fund balance actually decreased at the close of fiscal year 2010 by \$752,063, yet continues to remain sufficient to safeguard for additional adjustments. The total general fund balance of \$2,759,827 has \$1,375,500 reserved to maintain the budgetary balance between revenues and expenditures in 2011.

For 2010, the total actual General Fund Revenues exceeded budgeted revenues by \$335,642. This was primarily the result of the increased tax collections, intergovernmental revenues, and insurance reimbursements received. The financial statements provide a detailed break-down of these revenues on page 36. General Fund expenditures are monitored closely during the fiscal year and the Township has been able to absorb extra expenses as required.

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 has experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000 to 26,668 in 2010. This continuing growth factor strengthens the vitality of the Township as a commercial center.

General Fund expenditures have risen in recent years in large part to increases for insurance premiums, employee fringe benefit expenditures, and the expansion of Township recreation events and facilities. On the other hand, the Township's fund balance contributes to the overall budgetary management of the Townships financial affairs. With an emphasis on a variety of revenues (business and mercantile receipts) and a focus placed on Township's service fees. The Township has quite well endured the recent economic recession.

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, 2010**

	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Development Authority</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,228,959	\$ 1,555,436	\$ 2,784,395	\$ 706,977
Investments	2,145,477	6,505,555	8,651,032	--
Taxes Receivable, Net	72,246	--	72,246	--
Internal Balances	52,044	(52,044)	--	--
Accounts Receivable	177,400	313,659	491,059	--
Due from Other Governments	516,111	--	516,111	1,196,000
Prepaid Expenses	--	26,030	26,030	--
Total Current Assets	<u>4,192,237</u>	<u>8,348,636</u>	<u>12,540,873</u>	<u>1,902,977</u>
Noncurrent Assets:				
Other Assets				
Restricted Assets – Investments	--	9,104,565	9,104,565	--
Bond Issue Costs (Net of Accumulated Amortization)	--	160,042	160,042	--
Total Other Assets	<u>--</u>	<u>9,264,607</u>	<u>9,264,607</u>	<u>--</u>
Capital Assets				
Land and Right of Ways	1,847,827	1,680,782	3,528,609	--
Buildings	7,063,457	--	7,063,457	--
Improvements (Other than Buildings)	5,111,492	--	5,111,492	--
Construction in Progress	--	22,677,517	22,677,517	--
Machinery and Equipment	2,125,353	3,636,754	5,762,107	--
Infrastructure Assets	48,660,330	--	48,660,330	--
Collection Lines	--	23,470,358	23,470,358	--
Treatment Plant	--	31,158,054	31,158,054	--
Less: Accumulated Depreciation	<u>(30,922,368)</u>	<u>(26,859,595)</u>	<u>(57,781,963)</u>	<u>--</u>
Total Capital Assets	<u>33,886,091</u>	<u>55,763,870</u>	<u>89,649,961</u>	<u>--</u>
Total Noncurrent Assets	<u>33,886,091</u>	<u>65,028,477</u>	<u>98,914,568</u>	<u>--</u>
TOTAL ASSETS	<u>\$ 38,078,328</u>	<u>\$ 73,377,113</u>	<u>\$ 111,455,441</u>	<u>\$ 1,902,977</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	<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	\$ 125,957	\$ 1,520,642	\$ 1,646,599	\$ 106,728
Current Portion of Long-Term Debt	223,000	1,185,000	1,408,000	701,000
Accrued Salaries and Wages	143,156	41,019	184,175	--
Payroll Deductions and Withholdings	20,845	--	20,845	--
Other Current Liabilities	40,543	106,040	146,583	--
Deferred Revenue	43,801	--	43,801	--
Total Current Liabilities	<u>597,302</u>	<u>2,852,701</u>	<u>3,450,003</u>	<u>807,728</u>
Noncurrent Liabilities				
Bonds/Notes Payable	1,196,000	27,140,000	28,336,000	3,761,000
Bond Discount (Net of Accumulated Amortization)	--	(169,741)	(169,741)	--
Current Portion of Long-Term Debt	(223,000)	(1,185,000)	(1,408,000)	(701,000)
Long-Term Portion of Compensated Absences	20,543	--	20,543	--
Other Post-Employment Benefits	1,009,967	--	1,009,967	--
Total Noncurrent Liabilities	<u>2,003,510</u>	<u>25,785,259</u>	<u>27,788,769</u>	<u>3,060,000</u>
TOTAL LIABILITIES	<u>2,600,812</u>	<u>28,637,960</u>	<u>31,238,772</u>	<u>3,867,728</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	32,690,091	31,828,714	64,518,805	--
Restricted	473,325	6,229,504	6,702,829	--
Unrestricted	2,314,100	6,680,935	8,995,035	(1,964,751)
TOTAL NET ASSETS	<u>35,477,516</u>	<u>44,739,153</u>	<u>80,216,669</u>	<u>(1,964,751)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,078,328</u>	<u>\$ 73,377,113</u>	<u>\$ 111,455,441</u>	<u>\$ 1,902,977</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Primary Government				Governmental Activities	Business- Type Activities	Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Governmental Activities								
General Government	\$ 1,476,667	\$ 269,012	\$ 28,939	\$ --	\$ (1,178,716)	\$ --	\$ (1,178,716)	\$ --
Public Safety	5,842,179	1,352,897	279,418	15,353	(4,194,511)	--	(4,194,511)	--
Sanitation	34,537	18,874	148,872	--	133,209	--	133,209	--
Highways and Streets	3,401,969	101,097	556,842	74,257	(2,669,773)	--	(2,669,773)	--
Other Public Works	80	--	200	--	120	--	120	--
Culture and Recreation	889,118	226,117	12,237	--	(650,764)	--	(650,764)	--
Employee Benefits, Insurance and Other	3,796,667	561,736	538,280	--	(2,696,651)	--	(2,696,651)	--
Interest on Long-Term Debt	52,612	--	--	--	(52,612)	--	(52,612)	--
Total Governmental Activities	15,493,829	2,529,733	1,564,788	89,610	(11,309,698)	--	(11,309,698)	--
Business-Type Activities								
Sewer	7,784,587	7,036,485	59,426	219,502	--	(469,174)	(469,174)	--
Total Primary Government	23,278,416	9,566,218	1,624,214	309,112	(11,309,698)	(469,174)	(11,778,872)	--
Component Units								
Springettsbury Township Development Authority	\$ 172,820	\$ --	\$ 568,392	\$ 50,000	--	--	--	445,572
Total Component Unit	172,820	--	568,392	50,000	--	--	--	445,572
General Revenues								
Property Taxes, Levied for General Purposes, Net					1,765,985	--	1,765,985	--
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					6,461,462	--	6,461,462	--
Investment Earnings					32,212	188,944	221,156	71,000
Miscellaneous Income					5,022	--	5,022	--
Refund of Prior Year Expenses					--	--	--	36,260
Capital Contribution - Developers					469,162	133,875	603,637	--
Total General Revenues					8,734,443	322,819	9,057,262	107,260
Change in Net Assets					(2,575,255)	(146,355)	(2,721,610)	552,832
Net Assets - January 1, 2010					38,052,771	44,885,508	82,938,279	(2,517,583)
Net Assets - December 31, 2010					\$ 35,477,516	\$ 44,739,153	\$ 80,216,669	\$ (1,964,751)

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Improvement		
ASSETS				
Cash and Cash Equivalents	\$ 287,015	\$ 145,264	\$ 796,680	\$ 1,228,959
Investments	2,039,941	--	105,536	2,145,477
Taxes Receivable (Net)	71,038	--	1,208	72,246
Due from Other Funds	52,044	--	--	52,044
Accounts Receivable	164,620	--	12,780	177,400
Due from Other Governments	466,111	10,000	40,000	516,111
TOTAL ASSETS	\$ 3,080,769	\$ 155,264	\$ 956,204	\$ 4,192,237
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 72,597	\$ --	\$ 53,360	\$ 125,957
Accrued Salaries and Wages	143,156	--	--	143,156
Payroll Deductions and Withholdings	20,845	--	--	20,845
Other Liabilities	40,543	--	--	40,543
Deferred Revenues	43,801	--	--	43,801
TOTAL LIABILITIES	320,942	--	53,360	374,302
FUND BALANCES				
Unreserved				
General Fund – Undesignated	1,284,327	--	--	1,284,327
General Fund – Designated	100,000	--	--	100,000
Reserved				
General Fund	1,375,500	--	--	1,375,500
Special Revenue Funds	--	--	748,662	748,662
Capital Projects Funds	--	155,264	154,182	309,446
TOTAL FUND BALANCES	2,759,827	155,264	902,844	3,817,935
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,080,769	\$ 155,264	\$ 956,204	\$ 4,192,237

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Total Fund Balances – Governmental Funds	\$ 3,817,935
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$64,808,459 , and the accumulated depreciation is \$30,922,368 .	33,886,091
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds/notes payable	(1,196,000)
Compensated absences	(20,543)
Other post-employment benefits	<u>(1,009,967)</u> <u>(2,226,510)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>\$ 35,477,516</u>

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
YEAR ENDED DECEMBER 31, 2010**

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Improvement		
REVENUES				
Real Estate Taxes and Penalties	\$ 1,765,985	\$ --	\$ --	\$ 1,765,985
Other Taxes	6,029,688	--	83,394	6,113,082
Licenses and Permits	363,790	--	--	363,790
Fines and Forfeits	278,801	--	--	278,801
Interest, Rents and Royalties	27,490	563	4,159	32,212
Intergovernmental Revenues	943,117	10,000	744,538	1,697,655
Charges for Services	1,429,673	--	113,874	1,543,547
Miscellaneous	5,022	--	--	5,022
Reimbursements	561,736	--	--	561,736
Contributions from Private Sources	--	8,100	10,087	18,187
	11,405,302	18,663	956,052	12,380,017
EXPENDITURES				
General Government	1,280,038	37,006	--	1,317,044
Public Safety	5,643,032	--	124,474	5,767,506
Highways and Street	1,005,061	72,582	808,990	1,886,633
Sanitation	--	--	5,853	5,853
Other Public Works	--	--	80	80
Culture and Recreation	634,116	24,842	3,347	662,305
Debt Service	2,575	265,037	--	267,612
Employee Benefits, Insurance and Other	3,416,617	--	--	3,416,617
	11,981,439	399,467	942,744	13,323,650
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(576,137)	13,308	(943,633)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	(155,000)	250,000	(95,000)	--
Refund of Prior Year Expenditures	41,407	22,166	2,606	66,179
Sale of General Fixed Assets	2,616	--	--	2,616
Refund of Prior Year Revenues	(64,949)	--	(10,000)	(74,949)
	(175,926)	272,166	(102,394)	(6,154)
	NET CHANGE IN FUND BALANCES	(752,063)	(89,086)	(949,787)
FUND BALANCES – JANUARY 1, 2010	3,511,890	263,902	991,930	4,767,722
FUND BALANCES – DECEMBER 31, 2010	\$ 2,759,827	\$ 155,264	\$ 902,844	\$ 3,817,935

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Total net change in fund balance – governmental funds \$ (949,787)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (2,022,672)	
Capital outlays	580,768	(1,441,904)

The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets. (25,395)

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 215,000

Some expenditures reported in the governmental funds do not require the use of current financial resources and, however, the payment of compensated absences results in a reduction of the liability account.

Decrease in compensated absences	6,881
----------------------------------	-------

Some expenditures reported in the governmental funds do not require the use of current financial resources and, however, the cost of other post-employment benefits is recorded as a noncurrent liability as required by GASB Statement No. 45. (380,050)

Change in net assets of governmental activities **\$(2,575,255)**

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Business-Type Activities Sewer Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,555,436
Investments	6,505,555
Accounts Receivable	313,659
Prepaid Expenses	<u>26,030</u>
Total Current Assets	<u>8,400,680</u>
Noncurrent Assets	
Other Assets	
Restricted Assets	9,104,565
Bond Issue Costs (Net of Accumulated Amortization)	<u>160,042</u>
Total Other Assets	<u>9,264,607</u>
Capital Assets	
Land and Right of Ways	1,680,782
Machinery and Equipment	3,636,754
Collection Lines	23,470,358
Treatment Plant	31,158,054
Construction in Progress	22,677,517
Less: Accumulated Depreciation	<u>(26,859,595)</u>
Total Capital Assets, Net	<u>55,763,870</u>
Total Noncurrent Assets	<u>65,028,477</u>
TOTAL ASSETS	<u>\$ 73,429,157</u>

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Business-Type Activities Sewer Fund</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,520,642
Accrued Salaries and Wages	41,019
Other Accrued Liabilities	106,040
Due to Other Funds	52,044
Current Portion of Long-Term Debt	<u>1,185,000</u>
Total Current Liabilities	<u>2,904,745</u>
Noncurrent Liabilities	
Bonds Payable	27,140,000
Bond Discount (Net of Accumulated Amortization)	(169,741)
Current Portion of Long-Term Debt	<u>(1,185,000)</u>
Total Noncurrent Liabilities	<u>25,785,259</u>
TOTAL LIABILITIES	<u>28,690,004</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	31,828,714
Restricted	6,229,504
Unrestricted	<u>6,680,935</u>
TOTAL NET ASSETS	<u>44,739,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 73,429,157</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
YEAR ENDED DECEMBER 31, 2010**

	<u>Business-Type Activities Sewer Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 4,635,112
Charges for Services – Intergovernmental	2,370,902
Intergovernmental Revenue	2,884
Refund of Prior Year Expenses	<u>1,428</u>
TOTAL OPERATING REVENUES	<u>7,010,326</u>
OPERATING EXPENSES	
Cost of Services	4,909,055
Administration	229,338
Amortization	19,701
Depreciation	<u>1,583,441</u>
TOTAL OPERATING EXPENSES	<u>6,741,535</u>
OPERATING INCOME	<u>268,791</u>
NONOPERATING REVENUES (EXPENSES)	
Tapping Fees	56,542
Investment Income	188,944
Interest Expense	(1,043,052)
Gain on Disposal of Capital Assets	29,043
Federal Build America Bonds – Interest Subsidy	<u>219,502</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(549,021)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(280,230)
CAPITAL CONTRIBUTIONS	<u>133,875</u>
CHANGE IN NET ASSETS	(146,355)
TOTAL NET ASSETS – JANUARY 1, 2010	<u>44,885,508</u>
TOTAL NET ASSETS – DECEMBER 31, 2010	<u>\$ 44,739,153</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Business-Type Activities Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 6,926,652
Cash Payments to Employees for Services	(1,395,076)
Cash Payments to Suppliers for Goods and Services	(3,192,025)
Cash Payments for Other Operating Expenses	<u>(585,650)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,753,901</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, Construction and Improvement of Capital Assets	(16,931,864)
Proceeds from Capital Grants	1,000,000
Increase in Restricted Assets	(3,810,913)
Tapping Fees Received	56,542
Principal Payments	(9,709,000)
Bond Issuance	27,630,000
Bond Issuance Costs	(169,603)
Bond Discount	(179,881)
Proceeds from Sale of Capital Assets	30,178
Debt Interest Payments	(939,052)
Federal Interest Subsidy	<u>219,502</u>
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,804,091)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	188,944
(Purchase) Maturity of Investments – Net	<u>(99,366)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>89,578</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(960,612)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>2,516,048</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,555,436</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities	
Operating Income	<u>\$ 268,791</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,583,441
Amortization	19,701
(Increase) Decrease in Accounts Receivable	(83,674)
(Increase) Decrease in Prepaid Expense	3,925
Increase (Decrease) in Accounts Payable	(50,698)
Increase (Decrease) in Accrued Salaries and Benefits	(43,016)
Increase in Interfund Balances	<u>55,431</u>
Total Adjustments	<u>1,485,110</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,753,901</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, 2010

	Pension Trust					Private Purpose Trust Fund		Agency Fund
	Paid Firemen's Defined Contributions	Paid Firemen's Defined Benefit Plan	Non- Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund	Escrow Fund	
ASSETS								
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --	\$ 70	\$ 1,565	\$ 231,893	
Investments	<u>209,127</u>	<u>3,100,011</u>	<u>7,283,994</u>	<u>10,385,336</u>	<u>190,000</u>	<u>53,046</u>	<u>--</u>	
TOTAL ASSETS	<u>\$ 209,127</u>	<u>\$ 3,100,011</u>	<u>\$ 7,283,994</u>	<u>\$ 10,385,336</u>	<u>\$ 190,070</u>	<u>\$ 54,611</u>	<u>\$ 231,893</u>	
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts Payable	\$ --	\$ --	\$ 27	\$ --	\$ --	\$ --	\$ 13,509	
Due to Developers	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>218,384</u>	
TOTAL LIABILITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 231,893</u>	
NET ASSETS								
Held in the Trust								
Pension Benefits	209,127	3,100,011	7,283,967	10,385,336	--	--	--	
Other Purposes	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>190,070</u>	<u>54,611</u>	<u>--</u>	
TOTAL NET ASSETS	<u>209,127</u>	<u>3,100,011</u>	<u>7,283,967</u>	<u>10,385,336</u>	<u>190,070</u>	<u>54,611</u>	<u>--</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 209,127</u>	<u>\$ 3,100,011</u>	<u>\$ 7,283,994</u>	<u>\$ 10,385,336</u>	<u>\$ 190,070</u>	<u>\$ 54,611</u>	<u>\$ 231,893</u>	

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Pension Trust					Private Purpose Trust Fund Library Fund	Schenck Trust Fund
	Paid Firemen's Pension Defined Contributions	Paid Firemen's Pension Defined Benefit	Non- Uniform Pension Fund	Police Pension Fund			
ADDITIONS							
State Contributions -- Act 205	\$ --	\$ 53,365	\$ --	\$ 473,914	\$ --	\$ --	\$ --
Municipal Contributions	--	149,661	327,483	14,517	--	--	--
Employee Contributions	--	44,480	70,771	130,226	--	--	--
Other Contributions	--	--	--	--	--	1,000	1,000
Investment Income	20,033	254,972	613,902	933,349	14	143	143
TOTAL ADDITIONS	<u>20,033</u>	<u>502,478</u>	<u>1,012,156</u>	<u>1,552,006</u>	<u>14</u>	<u>1,143</u>	<u>1,143</u>
DEDUCTIONS							
Distributions and Benefit Payments	--	162,380	46,809	552,859	--	--	--
Miscellaneous Expenses	--	31,117	9,415	73,792	--	--	--
Contribution to Libraries	--	--	--	--	23	--	--
TOTAL DEDUCTIONS	<u>--</u>	<u>193,497</u>	<u>56,224</u>	<u>626,651</u>	<u>23</u>	<u>--</u>	<u>--</u>
CHANGE IN NET ASSETS	20,033	308,981	955,932	925,355	(9)	1,143	1,143
NET ASSETS -- JANUARY 1, 2010	<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>53,468</u>
NET ASSETS -- DECEMBER 31, 2010	<u>\$ 209,127</u>	<u>\$ 3,100,011</u>	<u>\$ 7,283,967</u>	<u>\$ 10,385,336</u>	<u>\$ 190,070</u>	<u>\$ 54,611</u>	<u>\$ 54,611</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the Township's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the Township. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund are sewer facilities and treatment charges. Operating expenses for the Township's enterprise fund include sewer treatment costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The general fund is the Township's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital improvement fund is a capital projects fund that accounts for resources used for the acquisition and construction of capital assets.

The Township operates one enterprise fund, the sewer fund. This fund accounts for the activities of the Township's sewer treatment plant operation.

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
- Grant 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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fiduciary Funds are used to account for the assets held by the Township as a trustee or agent for individuals, private organizations and/or governmental units. The funds included in this category are:

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 private purpose trust funds are used to account for the assets held by the Township as agent for others. These funds include the Library Fund and the Schenck Trust Fund. The Library Fund was created to provide resources to the library of the Township. The Schenck Trust Fund was established for the maintenance of park improvements.

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, 2010, 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.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

H. Restricted Assets

Restricted assets consist of cash and investments reserved in accordance with an intermunicipal agreement between Dallastown Borough, Manchester Township, Red Lion Borough, Spring Garden Township, Windsor Township, Windsor Borough, Yoe Borough and York Township for the purchase and/or replacement of capital assets associated with the operations of the Township's Waste Water Treatment Plant. Restricted assets also include the 2010 Bond Series A proceeds which are reserved for the construction of Bio-Nutrient Removal Project and the 2010 Bond Series AA which were used to refinance the 2007 Note.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets of the governmental activities acquired before January 1, 2003 were estimated by the Township engineer and projected at estimated historical cost by the Township. The capitalization threshold is \$100,000 for infrastructure assets of the governmental activities, which consists primarily of roads, bridges, sidewalks, street lighting, traffic signals and storm sewers.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 to 60
Improvements (Other than Buildings)	15 to 40
Machinery and Equipment	4 to 20
Collection Lines	20 to 50
Treatment Plant	20 to 50
Transportation Equipment	5 to 15
Furniture and Fixtures	5 to 10
Infrastructure Assets	20 to 75

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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. Reclassifications

Certain items have been reclassified to meet current year presentation.

O. Date of Management's Review

Management has evaluated subsequent events through May 10, 2011, the date the financial statements were available to be issued.

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, 2010**

NOTE 3 – DEPOSITS AND INVESTMENTS – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including obligations of (1) the United States of America or any of its agencies or instrumentalities backed by full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation are authorized to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2010, \$2,367,771 of the Township's bank balance of \$2,867,771 was exposed to custodial credit risk.

Reconciliation to Financial Statements

Uninsured Amount, but with Pledged Collateral under Act 72	\$ 2,367,771
Plus: Insured Amount	500,000
Deposits in Transit	60
Less: Outstanding Checks	<u>(83,736)</u>
 Carrying Amount – Bank Balances	 2,784,095
Plus: Petty Cash	<u>300</u>
Total Cash per Financial Statements	<u><u>\$ 2,784,395</u></u>

Investments

As of December 31, 2010, the Township had the following investments:

<u>Investments</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Certificates of Deposit	1 - 4 years	\$ 14,341,683
Money Market Mutual Funds		538,853
Susquehanna Government Investment Account		<u>2,875,061</u>
Total Investments		<u><u>\$ 17,755,597</u></u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010 the Township's investments in Morgan Stanley 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 Morgan Stanley Smith Barney are held by Depository Trust Corporation (DTC). As of December 31, 2010, the Township's governmental and business-type investments were exposed to custodial risk as follows:

Insured or Registered	\$ 14,341,683
Uninsured or unregistered with securities held by counterparty's trust department (DTC)	433,317
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>2,980,597</u>
	<u>\$ 17,755,597</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>
Morgan Stanley Smith Barney – Investments	\$ 14,775,000	71.64%
Susquehanna Bank	4,600,501	22.31%
Citizen's Bank	<u>1,247,867</u>	<u>6.05%</u>
	<u>\$ 20,623,368</u>	<u>100.00%</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 – DEPOSITS AND INVESTMENTS – TRUST & AGENCY FUNDS

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2010, \$10,283 of the Township's trust and agency funds bank balances of \$260,283 was exposed to custodial credit risk.

Reconciliation to Financial Statements

Uninsured Amount, but with Pledged Collateral under Act 72	\$ 10,283
Plus: Insured Amount	250,000
Deposits in Transit	1,000
Less: Outstanding Checks	<u>(27,755)</u>
Carrying Amount – Bank Balances	<u>233,528</u>
Total Cash per Financial Statements	<u><u>\$ 233,528</u></u>

Investments

As of December 31, 2010, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
<u>ICMA Retirement Corporation</u>	
Non-Uniformed Pension Fund	\$ 7,283,994
Firemen Pension Fund	3,098,213
<u>Fulton Financial Advisors</u>	
Firemen Pension Fund	209,127
Police Pension Fund	5,146,735
<u>Legacy Trust Company</u>	
Police Pension Fund	5,233,055
<u>Susquehanna Bank</u>	
Henry Schenck Trust Fund	190,000
Library Fund	<u>53,046</u>
	<u><u>\$ 21,214,170</u></u>

The above investments include money market mutual funds, equity common trust funds, fixed income trust funds, U.S. government notes & bonds, corporate bonds, common stocks, and certificates of deposit. The Susquehanna Bank certificates of deposit are uninsured but pledged collateral under Act 72.

Credit Risk

The Township does have an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2010, the Township's investments in ICMA Retirement Corporation, Fulton Financial Advisors and Legacy Trust Company were not rated by Standard & Poors.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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>
ICMA Retirement Corp	\$ 10,384,005	48.34%
Fulton Financial Advisors	5,361,408	24.96%
Legacy Trust Company	5,233,055	24.36%
Metro Bank	259,648	1.21%
Susquehanna Bank	243,046	1.13%
Citizen's Bank	<u>635</u>	<u>0.00%</u>
	<u>\$ 21,481,797</u>	<u>100.00%</u>

NOTE 5 – RESTRICTED ASSETS – INVESTMENTS

Note Proceeds held for Capital Projects	\$ 2,875,061
Capital Improvement Reserve - Sewer	<u>6,229,504</u>
Total Restricted Assets	<u>\$ 9,104,565</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, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land and Right of Ways	\$ 1,680,782	\$ --	\$ --	\$ 1,680,782
Collection Lines	23,197,351	273,007	--	23,470,358
Treatment Plant	31,051,347	108,128	(1,421)	31,158,054
Construction in Progress	6,593,218	16,084,299	--	22,677,517
Machinery and Equipment	<u>3,933,824</u>	<u>14,770</u>	<u>(311,840)</u>	<u>3,636,754</u>
Total Capital Assets	<u>66,456,522</u>	<u>16,480,204</u>	<u>(313,261)</u>	<u>82,623,465</u>
Less: Accumulated Depreciation				
Collection Lines	8,887,296	499,083	--	9,386,379
Treatment Plant	13,625,972	929,164	(286)	14,554,850
Machinery and Equipment	<u>3,075,012</u>	<u>155,194</u>	<u>(311,840)</u>	<u>2,918,366</u>
Total Accumulated Depreciation	<u>25,588,280</u>	<u>1,583,441</u>	<u>(312,126)</u>	<u>26,859,595</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,868,242</u>	<u>\$ 14,896,763</u>	<u>\$ (1,135)</u>	<u>\$ 55,763,870</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)

A summary of capital assets of the Governmental Activities for the year ended December 31, 2010, was:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 1,847,827	\$ --	\$ --	\$ 1,847,827
Buildings	7,063,457	--	--	7,063,457
Improvements (Other than Buildings)	5,111,492	--	--	5,111,492
Machinery and Equipment	2,122,743	111,006	(108,396)	2,125,353
Infrastructure Assets	<u>48,190,568</u>	<u>469,762</u>	<u>--</u>	<u>48,660,330</u>
Total Capital Assets	<u>64,336,087</u>	<u>580,768</u>	<u>(108,396)</u>	<u>64,808,459</u>
Less: Accumulated Depreciation				
Buildings	2,111,432	189,788	--	2,301,220
Improvements (Other than Buildings)	1,140,341	189,405	--	1,329,746
Machinery and Equipment	1,304,058	164,805	(83,001)	1,385,862
Infrastructure Assets	<u>24,426,866</u>	<u>1,478,674</u>	<u>--</u>	<u>25,905,540</u>
Total Accumulated Depreciation	<u>28,982,697</u>	<u>2,022,672</u>	<u>(83,001)</u>	<u>30,922,368</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,353,390</u>	<u>\$(1,441,904)</u>	<u>\$ (25,395)</u>	<u>\$ 33,886,091</u>

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	\$ 84,674
Public Safety	125,347
Sanitation	28,684
Highways and Streets	1,557,154
Culture and Recreation	<u>226,813</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,022,672</u>
Business-Type Activities:	
Sewer	<u>\$ 1,583,441</u>

NOTE 7 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

Transfers

The General Fund transferred \$250,000 to the Capital Improvement Fund for capital projects. The Waste Reserve Fund transferred \$95,000 to the General Fund to assist with administration costs.

The interfund receivables and payables balances at December 31, 2010 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 52,044	\$ --
Enterprise Fund	<u>--</u>	<u>52,044</u>
	<u>\$ 52,044</u>	<u>\$ 52,044</u>

Interfund balances consist of expenditures related to payroll and pension. Sewer fund owed general fund for payroll and pension benefits less the medical copay due from general fund.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

	Governmental Fund
Balance as of January 1, 2010	\$ 1,411,000
Principal Retirements	(215,000)
Balance as of December 31, 2010	\$ 1,196,000
	Enterprise Fund
Balance as of January 1, 2010	\$ 9,219,000
Additional Borrowings	27,630,000
Principal Retirements	(9,709,000)
Balance as of December 31, 2010	\$ 27,140,000

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 note was paid off as of December 31, 2010.

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, 2010 was \$1,196,000 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.

General Obligation Bonds 2010 – Series A and Series AA

Series A of 2010

On March 1, 2010, the Township issued general obligation bonds in the amount of \$18,175,000. The proceeds of the Series A bonds were to finance sewer system improvements and to pay the costs and expenses related to the issuance of the Series A Bonds. The bonds bear interest rates ranging from 1.30% to 5.92% with principal maturities from November 2011 through November 2029.

The Series A Bonds qualify as Build America Bonds under the American Recovery and Reinvestment Act of 2009. The Township is eligible to receive a cash subsidy from the United States Treasury equal to 35% of the interest paid on the Series A Bonds. The Township received a cash subsidy of \$219,502 in 2010.

Series AA of 2010

On March 1, 2010, the Township issued general obligation bonds in the amount of \$9,455,000. The proceeds of the Series AA bonds were to refund the General Obligation Note, Series of 2007 and to pay costs and expenses related to the issuance of the Series AA Bonds. The bonds bear interest rates ranging from 2% to 4% with principal maturities from November 2010 through November 2027.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 – LONG-TERM DEBT – BONDS/NOTES PAYABLE (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2010, are as follows:

Springettsbury Township Development Authority – Note B

Year Ended December 31,	Capital Improvement Fund		
	Principal	Interest	Total
2011	\$ 223,000	\$ 40,186	\$ 263,186
2012	231,000	32,785	263,785
2013	239,000	24,939	263,939
2014	247,000	16,914	263,914
2015	256,000	8,601	264,601
	<u>\$1,196,000</u>	<u>\$ 123,425</u>	<u>\$1,319,425</u>

General Obligation Bonds 2010 – Series A and AA

Year Ended December 31,	Enterprise Fund					
	Series 2010 A			Series 2010 AA		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 760,000	\$ 839,307	\$ 1,599,307	\$ 425,000	\$ 286,450	\$ 711,450
2012	770,000	829,427	1,599,427	430,000	277,950	707,950
2013	780,000	812,949	1,592,949	440,000	269,350	709,350
2014	790,000	792,357	1,582,357	450,000	260,550	710,550
2015-2019	4,265,000	3,501,980	7,766,980	2,415,000	1,134,381	3,549,381
2020-2024	4,945,000	2,444,074	7,389,074	2,835,000	716,850	3,551,850
2025-2027	5,865,000	1,041,911	6,906,911	1,970,000	159,800	2,129,800
	<u>\$ 18,175,000</u>	<u>\$ 10,262,005</u>	<u>\$ 28,437,005</u>	<u>\$ 8,965,000</u>	<u>\$ 3,105,331</u>	<u>\$ 12,070,331</u>

NOTE 9 – CURRENT NOTE REFINANCING

The Township issued a \$9,455,000 general obligation bond for a current refunding of \$9,219,000 for general obligation note, series of 2007. The refunding resulted in \$1,065,838 gross debt service savings over the next 18 years assuming variable interest rate capped at 6.25% on the 2007 Note, and an economic gain of \$715,240.

NOTE 10 – COMPENSATED ABSENCES

Full-time, permanent employees and part-time employees, on a pro-rata basis, are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Township. Sick leave accrues to full-time, permanent employees and part-time employees, on a pro-rata basis, to specified maximums. Non-uniform and Teamsters employees receive none of their accumulated sick leave balance upon termination. Police officers and firefighters are not entitled to their proportionate sick leave balance until they retire. However, these employees historically remain with the Township until retirement. Normal retirement age for police is age 50 and having 25 years of service. Normal retirement age for firemen is age 55 and having 25 years of service. The Township implemented a policy in 2005 to report a liability for those police and fire fighters that are within 5 years of retirement. Accumulated sick pay for firefighters is not included in the ending balance because firefighters are no longer employees of the Township as of December 31, 2010.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 10 – COMPENSATED ABSENCES (Continued)

For the year ended December 31, 2010, compensated absences changed as follows:

Beginning of year	\$ 27,424
Decrease in Compensated Absences	<u>(6,881)</u>
End of Year	<u>\$ 20,543</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 11 – 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 2010, 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, 2010**

NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PAID FIREMEN

A fire fighter is eligible for coverage after attainment of age 55 and completion of 25 years of service or upon becoming permanently disabled as a result of a work-related injury. Postretirement benefits are only available for fire fighters hired on or before January 1, 1997.

An eligible fire fighter may receive medical, dental, and prescription drug benefits currently provided to active fire fighters. All coverage ceases upon Medicare eligibility. Benefits are available to the retiree, spouse, and eligible dependents.

Upon death of an active fire fighter, the spouse and dependents may receive coverage provided they pay to the township 50% of the cost of any insurance premiums. Spouse coverage shall cease upon remarriage, or once the spouse becomes eligible for Medicare.

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 55, age at the completion of 25 years of service, or age on valuation date; (6) before age 65, 50% of eligible retirees assumed to elect coverage on retiring. Upon attainment of age 65, 100% of eligible retirees are assumed to elect coverage; (7) 80% married and have 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.

Annual Required Contribution (ARC)

	<u>Police</u>	<u>Paid Firemen</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 373,078	\$ 135,596	\$ 508,674
Interest on Net OPEB Obligation	15,912	5,655	21,567
Adjustment to ARC	<u>(21,708)</u>	<u>(7,715)</u>	<u>(29,423)</u>
Annual OPEB Cost	367,282	133,536	500,818
Contributions Made	<u>(87,307)</u>	<u>(33,461)</u>	<u>(120,768)</u>
Increase in Net OPEB Obligation	279,975	100,075	380,050
Net OPEB Obligation – Beginning of Year	<u>471,882</u>	<u>158,035</u>	<u>629,917</u>
Net OPEB Obligation – End of Year	<u>\$ 751,857</u>	<u>\$ 258,110</u>	<u>\$ 1,009,967</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 11 – 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 12 – PROPERTY TAXES AND SPECIAL ASSESSMENT TAX – STREET LIGHT

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. Springettsbury Township's tax rate for the year ended December 31, 2010 was .87 mills (\$.87 per \$1,000 assessed valuation). The Township levies assessments for street light usage to various areas of the Township. The assessments are based on a flat rate and are collected by the elected tax collector. The schedule of property taxes levied for 2010 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

NOTE 13 – 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, 2010**

NOTE 14 – COMMITMENT

The Township entered into a commitment with the City of York to purchase 4.8 million gallons per day of additional sewer capacity for an indefinite period of time. Beginning in 2002, the Township began making annual payments of \$230,000 to the City for a period of twenty years and an annual payment of \$30,000 for 3 years beginning in 2022. In addition, the Township also makes semi-annual payments of \$300,500 to the City to pay toward the City's future lease rental cost for the wastewater treatment facility until 2018, and an annual payment of \$76,000 for 3 years beginning in 2019. An additional sewage treatment charge is paid by the Township based on the Township's share of actual net operating expenses of the facility.

Minimum payments to the City of York under this agreement are as follows:

	4.8 MGD Capacity	Lease Rental Plant	Total
2011	\$ 230,000	\$ 601,000	\$ 831,000
2012	230,000	601,000	831,000
2013	230,000	601,000	831,000
2014	230,000	601,000	831,000
2015	230,000	601,000	831,000
2016-2020	1,150,000	1,955,000	3,105,000
2021-2024	320,000	76,000	396,000
	<u>\$2,620,000</u>	<u>\$5,036,000</u>	<u>\$7,656,000</u>

NOTE 15 – PENSION PLANS

The Township has included in these financial statements the four pension funds as pension trust funds. The Township pension plans have not issued any additional financial statements.

POLICE PENSION PLAN

Plan Description

Springettsbury Township currently has a single-employer defined benefit police pension plan for full-time police employees. The Police Pension Plan was established by and enrolled in the Pennsylvania Municipal Ordinance Retirement Law, Act of February 1, 1974. P.L. 34. No. 15.

Eligibility Requirements and Benefits Descriptions

All full-time members of the police force of Springettsbury Township are eligible to join the Plan upon employment. A participant is eligible for normal retirement after attainment of age 50 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 plus \$50 per year for each year of service in excess of 25 years of service subject to a maximum increment of \$100 per month.

Average monthly pay is based upon 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 payments.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 – 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, 2001 through December 31, 2010 were as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer ⁽¹⁾</u>	<u>Percentage Contributed</u>
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%
2010	488,431	488,431	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, 2010**

NOTE 15 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Actuarial Valuation (Continued)

Historical trend information required to be disclosed, beginning as of January 1, 2000 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded/ (Underfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability/ Funding Excess (Deficit) as a Percentage of Payroll</u>
1/1/2001	8,135,507	7,407,787	727,720	109.8%	1,303,217	55.8%
1/1/2002	7,495,864					
1/1/2003	6,950,391	8,243,946	(1,293,555)	84.3%	1,544,695	(83.7%)
1/1/2004	7,673,250					
1/1/2005	8,084,958	9,433,418	(1,348,460)	85.7%	1,720,759	(78.4%)
1/1/2006	8,438,716					
1/1/2007	9,193,690	10,563,398	(1,369,708)	87.0%	2,059,773	(66.5%)
1/1/2008	9,713,696					
1/1/2009	8,226,888	11,397,557	(3,170,669)	72.2%	2,183,363	(145.2%)
1/1/2010	9,459,981					

NON-UNIFORMED AND PAID FIREMEN'S PENSION PLANS

Plan Descriptions

All full-time employees of the Township, other than police officers, are eligible to participate in single employer defined contribution plans and trusts. The Paid Firemen's Plan was established in 1978 by Township Ordinance 78-07 and the Non-Uniformed Plan was established in 1985 by Township Resolution 85-09. Effective in 2005, the Paid Firemen's Pension Plan was converted to a defined benefit plan. Firemen receiving benefits prior to 2005 remain in the defined contribution plan. The Township has delegated the authority to manage certain plan assets to International City Management Association (ICMA) and Fulton Financial Advisors. The Plans are to be funded through state and employer contributions and employee wage deductions.

Paid Fireman's Pension Plan

Plan Description

Springettsbury Township currently has a single-employer defined benefit firemen pension plan for full-time fire employees. The Firemen Pension Plan was established by and enrolled in the Pennsylvania Municipal Ordinance Retirement Law, Act of February 1, 1974. P.L. 34. No. 15.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 – 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, 2010 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%
2010	203,026	203,026	100%

⁽¹⁾ Includes general municipal pension system state aid.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 – PENSION PLANS (Continued)

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

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 6.5% 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) post-retirement mortality life expectancies based on the GA 1983 table, (5) loading of 5% added to basic pension costs for disability; (6) 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; (7) projected salary increases of 5% per year; (8) normal retirement age; (9) provision for administrative expenses added to normal cost; (10) moderate inflation based on long-term historical average rate, and (11) actuarial value of assets based on market value as determined by the trustee.

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.

Historical trend information required to be disclosed, beginning as of January 1, 2005 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded/ (Underfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability/ Funding Excess (Deficit) as a Percentage of Payroll</u>
1/1/2005	2,040,440	2,978,487	(938,047)	68.5%	766,265	(122.4%)
1/1/2006	2,264,825					
1/1/2007	2,613,260	3,506,881	(893,621)	74.5%	818,036	(109.2%)
1/1/2008	2,883,652					
1/1/2009	2,497,725	3,765,946	(1,268,221)	66.3%	834,589	(152.0%)
1/1/2010	2,980,124					

Non-Uniform Pension Plan

Non-uniformed employees over the age of 21 are eligible to participate after 6 months of service. A participant is eligible for normal retirement after attainment of age 59½. Participants become 20% vested in the Township's contributions after three years of employment. An additional 20% is vested for each additional year of employment. A participant becomes fully vested after seven years of employment. Each participant is required to contribute 2% of gross pay. Employer contributions equals 9.0% of employee's gross pay for non-teamster members, and 9.5% for employees that are teamster members. For the year ended December 31, 2010, the Township contributed \$327,483 to the Non-Uniformed Pension Plan.

NOTE 16 – DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 17 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous year. During the year ended December 31, 2010, no settlements exceeded insurance coverage.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 18 – 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, 2010, 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 2010 claims to \$50,000 individually and \$1,488,091 in the aggregate for claims for 2010.

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, 2010.

As of December 31, 2010, 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, 2010, the Township is not aware of any additional assessments relating to the Trust.

NOTE 19 – RESERVED FUND BALANCE

The fund balance reservations in the general fund of \$1,375,500 represents amounts reserved by management for potential appropriations in excess of anticipated revenues for the year ended December 31, 2011.

NOTE 20 – FUND BALANCE - DESIGNATED

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

NOTE 21 – CONSTRUCTION COMMITMENTS

As of December 31, 2010, the Township is involved in capital projects. The Township had the following commitment as of December 31, 2010:

<u>Project</u>	<u>Contract Amounts</u>	<u>Amount Paid-to-Date</u>	<u>Commitments Outstanding</u>
BNR Project Improvements	<u>\$ 22,415,220</u>	<u>\$ 20,624,179</u>	<u>\$ 1,791,041</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 21 – CONSTRUCTION COMMITMENTS (Continued)

The Township has also made a pledge of \$750,000 for the acquisition of real estate. The land will be purchased in conjunction with The Conservation Fund (a non-profit organization), and title of the land will be given to the Township.

NOTE 22 – RESTRICTED NET ASSETS

Restricted net assets in the governmental activities of \$473,325 consist of the State Liquid Fuels Fund. The State Liquid Fuels Fund is restricted by legislation to be used specifically for highway and street expenditures.

Business-type restricted net assets represents amounts restricted in accordance with an intermunicipal agreement for the purchase and replacement of capital assets related to the operations of the Township's Waste Water Treatment Plant.

REQUIRED SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2010

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Real Estate Taxes and Penalties	\$ 1,700,000	\$ 1,700,000	\$ 1,765,985	\$ 65,985
Other Taxes	6,050,000	6,050,000	6,029,688	(20,312)
Licenses and Permits	345,000	345,000	363,790	18,790
Fines and Forfeits	314,000	314,000	278,801	(35,199)
Interest, Rents, and Royalties	50,000	50,000	27,490	(22,510)
Intergovernmental Revenues	761,500	779,160	943,117	163,957
Charges for Services	1,480,500	1,480,500	1,429,673	(50,827)
Miscellaneous	1,000	1,000	5,022	4,022
Reimbursements	<u>350,000</u>	<u>350,000</u>	<u>561,736</u>	<u>211,736</u>
TOTAL REVENUES	<u>11,052,000</u>	<u>11,069,660</u>	<u>11,405,302</u>	<u>335,642</u>
EXPENDITURES				
General Government	1,318,975	1,368,975	1,280,038	88,937
Public Safety	6,164,250	5,848,420	5,643,032	205,388
Highways and Streets	1,075,600	1,075,600	1,005,061	70,539
Culture and Recreation	634,500	644,500	634,116	10,384
Debt Service	--	--	2,575	(2,575)
Employee Benefits, Insurance and Other	<u>3,202,675</u>	<u>3,531,165</u>	<u>3,416,617</u>	<u>114,548</u>
TOTAL EXPENDITURES	<u>12,396,000</u>	<u>12,468,660</u>	<u>11,981,439</u>	<u>487,221</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,344,000)</u>	<u>(1,399,000)</u>	<u>(576,137)</u>	<u>822,863</u>
OTHER FINANCING SOURCES (USES)				
Sale of General Fixed Assets	10,000	10,000	2,616	(7,384)
Interfund Transfers	(417,000)	(297,000)	(155,000)	142,000
Refund of Prior Year Expenditures	1,000	1,000	41,407	40,407
Refund of Prior Year Revenues	<u>--</u>	<u>(65,000)</u>	<u>(64,949)</u>	<u>51</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(406,000)</u>	<u>(351,000)</u>	<u>(175,926)</u>	<u>175,074</u>
NET CHANGE IN FUND BALANCE	(1,750,000)	(1,750,000)	(752,063)	997,937
FUND BALANCES – JANUARY 1, 2010	<u>3,511,890</u>	<u>3,511,890</u>	<u>3,511,890</u>	<u>--</u>
FUND BALANCES – DECEMBER 31, 2010	<u>\$ 1,761,890</u>	<u>\$ 1,761,890</u>	<u>\$ 2,759,827</u>	<u>\$ 997,937</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
CAPITAL IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2010**

	Capital Improvements		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest, Rents, and Royalties	\$ 4,000	\$ 563	\$ (3,437)
Intergovernmental Revenues	10,000	10,000	--
Contributions	<u> --</u>	<u> 8,100</u>	<u> 8,100</u>
TOTAL REVENUES	<u> 14,000</u>	<u> 18,663</u>	<u> 4,663</u>
EXPENDITURES			
General Government	--	37,006	(37,006)
Highways and Streets	10,627,500	72,582	10,554,918
Culture and Recreation	25,000	24,842	158
Debt Service	<u> 428,000</u>	<u> 265,037</u>	<u> 162,963</u>
TOTAL EXPENDITURES	<u> 11,080,500</u>	<u> 399,467</u>	<u> 10,681,033</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u> (11,066,500)</u>	<u> (380,804)</u>	<u> 10,685,696</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	511,500	250,000	(261,500)
Refund of Prior Year Expenditures	--	22,166	22,166
Proceeds of General Long-Term Debt	<u> 10,450,000</u>	<u> --</u>	<u> (10,450,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> 10,961,500</u>	<u> 272,166</u>	<u> (10,689,334)</u>
NET CHANGE IN FUND BALANCE	(105,000)	(108,638)	(3,638)
FUND BALANCES – JANUARY 1, 2010	<u> 263,902</u>	<u> 263,902</u>	<u> --</u>
FUND BALANCES – DECEMBER 31, 2010	<u> \$ 158,902</u>	<u> \$ 155,264</u>	<u> \$ (3,638)</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 SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Fire Company Fund		Subdivision Recreation Fund		Total Special Revenue Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
REVENUES										
Other Taxes	\$ --	\$ --	\$ 68,500	\$ 83,394	\$ --	\$ --	\$ --	\$ --	\$ 68,500	\$ 83,394
Interest, Rents and Royalties	5,000	1,678	500	79	1,000	1,999	500	88	7,000	3,844
Intergovernmental Revenue	532,700	513,788	--	--	--	--	--	--	532,700	513,788
Contributions from Private Sources	--	--	--	--	--	--	--	9,887	--	9,887
TOTAL REVENUES	<u>537,700</u>	<u>515,466</u>	<u>69,000</u>	<u>83,473</u>	<u>1,000</u>	<u>1,999</u>	<u>500</u>	<u>9,975</u>	<u>608,200</u>	<u>610,913</u>
EXPENDITURES										
Public Safety	--	--	--	--	1,000	--	--	--	1,000	--
Highways and Streets	791,000	655,214	69,000	65,850	--	--	--	--	860,000	721,064
Culture and Recreation	--	--	--	--	--	--	3,000	997	3,000	997
TOTAL EXPENDITURES	<u>791,000</u>	<u>655,214</u>	<u>69,000</u>	<u>65,850</u>	<u>1,000</u>	<u>--</u>	<u>3,000</u>	<u>997</u>	<u>864,000</u>	<u>722,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(253,300)</u>	<u>(139,748)</u>	<u>--</u>	<u>17,623</u>	<u>--</u>	<u>1,999</u>	<u>(2,500)</u>	<u>8,978</u>	<u>(255,800)</u>	<u>(111,148)</u>
OTHER FINANCING SOURCES (USES)										
Refund of Prior Year Expenditures	--	--	--	2,606	--	--	--	--	--	2,606
Refund of Prior Year Revenues	--	--	--	(10,000)	--	--	--	--	--	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(7,394)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(7,394)</u>
NET CHANGE IN FUND BALANCE	<u>(253,300)</u>	<u>(139,748)</u>	<u>--</u>	<u>10,229</u>	<u>--</u>	<u>1,999</u>	<u>(2,500)</u>	<u>8,978</u>	<u>(255,800)</u>	<u>(118,542)</u>
FUND BALANCES - JANUARY 1, 2010	<u>613,073</u>	<u>613,073</u>	<u>8,898</u>	<u>8,898</u>	<u>203,614</u>	<u>203,614</u>	<u>41,619</u>	<u>41,619</u>	<u>867,204</u>	<u>867,204</u>
FUND BALANCES - DECEMBER 31, 2010	<u>\$ 359,773</u>	<u>\$ 473,325</u>	<u>\$ 8,898</u>	<u>\$ 19,127</u>	<u>\$ 203,614</u>	<u>\$ 205,613</u>	<u>\$ 39,119</u>	<u>\$ 50,597</u>	<u>\$ 611,404</u>	<u>\$ 748,662</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
YEAR ENDED DECEMBER 31, 2010

	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	\$ 200	\$ 500	\$ 115	\$ 1,000	\$ 315
Charges for Services	--	--	88,500	113,874	88,500	113,874
Intergovernmental Revenue	--	--	16,000	16,000	16,000	16,000
Contributions from Private Sources	--	200	--	--	--	200
TOTAL REVENUES	<u>500</u>	<u>400</u>	<u>105,000</u>	<u>129,989</u>	<u>105,500</u>	<u>130,389</u>
EXPENDITURES						
Sanitation	--	--	10,000	5,853	10,000	5,853
Other Public Works	500	80	--	--	500	80
TOTAL EXPENDITURES	<u>500</u>	<u>80</u>	<u>10,000</u>	<u>5,853</u>	<u>10,500</u>	<u>5,933</u>
EXCESS OF REVENUES OVER EXPENDITURES	--	320	95,000	124,136	95,000	124,456
OTHER FINANCING SOURCES (USES)						
Interfund Transfer	\$ --	\$ --	\$ (95,000)	\$ (95,000)	\$ (95,000)	\$ (95,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>
NET CHANGE IN FUND BALANCE	--	320	--	29,136	--	29,456
FUND BALANCES – JANUARY 1, 2010	99,398	99,398	25,328	25,328	124,726	124,726
FUND BALANCES – DECEMBER 31, 2010	<u>\$ 99,398</u>	<u>\$ 99,718</u>	<u>\$ 25,328</u>	<u>\$ 54,464</u>	<u>\$ 124,726</u>	<u>\$ 154,182</u>

SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2010

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
DECEMBER 31, 2010**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 655,278	\$ 141,402	\$ 796,680
Investments	105,536	--	105,536
Taxes Receivable – Net	1,208	--	1,208
Due from Other Governments	40,000	--	40,000
Accounts Receivable	<u>–</u>	<u>12,780</u>	<u>12,780</u>
TOTAL ASSETS	<u>\$ 802,022</u>	<u>\$ 154,182</u>	<u>\$ 956,204</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ <u>53,360</u>	\$ <u>–</u>	\$ <u>53,360</u>
TOTAL LIABILITIES	<u>53,360</u>	<u>–</u>	<u>53,360</u>
FUND BALANCES			
Reserved Fund Balance	<u>748,662</u>	<u>154,182</u>	<u>902,844</u>
TOTAL FUND BALANCES	<u>748,662</u>	<u>154,182</u>	<u>902,844</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 802,022</u>	<u>\$ 154,182</u>	<u>\$ 956,204</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 – ALL NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
REVENUES			
Other Taxes	\$ 83,394	\$ --	\$ 83,394
Interest, Rents and Royalties	3,844	315	4,159
Intergovernmental Revenue	728,538	16,000	744,538
Charges for Services	--	113,874	113,874
Contributions from Private Sources	<u>9,887</u>	<u>200</u>	<u>10,087</u>
TOTAL REVENUES	<u>825,663</u>	<u>130,389</u>	<u>956,052</u>
EXPENDITURES			
Public Safety	124,474	--	124,474
Highways and Streets	808,990	--	808,990
Sanitation	--	5,853	5,853
Other Public Works	--	80	80
Culture and Recreation	<u>3,347</u>	<u>--</u>	<u>3,347</u>
TOTAL EXPENDITURES	<u>936,811</u>	<u>5,933</u>	<u>942,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(111,148)</u>	<u>124,456</u>	<u>13,308</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	--	(95,000)	(95,000)
Refund of Prior Year Expenditures	2,606	--	2,606
Refund of Prior Year Revenues	<u>(10,000)</u>	<u>--</u>	<u>(10,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,394)</u>	<u>(95,000)</u>	<u>(102,394)</u>
NET CHANGE IN FUND BALANCE	(118,542)	29,456	(89,086)
FUND BALANCES – JANUARY 1, 2010	<u>867,204</u>	<u>124,726</u>	<u>991,930</u>
FUND BALANCES – DECEMBER 31, 2010	<u>\$ 748,662</u>	<u>\$ 154,182</u>	<u>\$ 902,844</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS – NONMAJOR
DECEMBER 31, 2010**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Fire Company Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Grant Fund</u>	<u>Total Special Revenue Fund</u>
ASSETS						
Cash and Cash Equivalents	\$ 481,192	\$ 23,412	\$ 100,077	\$ 50,597	\$ --	\$ 655,278
Investments	--	--	105,536	--	--	105,536
Taxes Receivable – Net	--	1,208	--	--	--	1,208
Due from Other Governments	--	--	--	--	40,000	40,000
TOTAL ASSETS	<u>\$ 481,192</u>	<u>\$ 24,620</u>	<u>\$ 205,613</u>	<u>\$ 50,597</u>	<u>\$ 40,000</u>	<u>\$ 802,022</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 7,867	\$ 5,493	\$ --	\$ --	\$ 40,000	\$ 53,360
TOTAL LIABILITIES	<u>7,867</u>	<u>5,493</u>	<u>--</u>	<u>--</u>	<u>40,000</u>	<u>53,360</u>
FUND BALANCES						
Reserved Fund Balance	<u>473,325</u>	<u>19,127</u>	<u>205,613</u>	<u>50,597</u>	<u>--</u>	<u>748,662</u>
TOTAL FUND BALANCES	<u>473,325</u>	<u>19,127</u>	<u>205,613</u>	<u>50,597</u>	<u>--</u>	<u>748,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 481,192</u>	<u>\$ 24,620</u>	<u>\$ 205,613</u>	<u>\$ 50,597</u>	<u>\$ 40,000</u>	<u>\$ 802,022</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, 2010**

	<u>Storm Water Reserve Fund</u>	<u>Waste Reserve Fund</u>	<u>Total Capital Project Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 99,718	\$ 41,684	\$ 141,402
Accounts Receivable	<u> --</u>	<u> 12,780</u>	<u> 12,780</u>
TOTAL ASSETS	<u>\$ 99,718</u>	<u>\$ 54,464</u>	<u>\$ 154,182</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ <u> --</u>	\$ <u> --</u>	\$ <u> --</u>
FUND BALANCES			
Reserved Fund Balance	<u> 99,718</u>	<u> 54,464</u>	<u> 154,182</u>
TOTAL FUND BALANCES	<u> 99,718</u>	<u> 54,464</u>	<u> 154,182</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,718</u>	<u>\$ 54,464</u>	<u>\$ 154,182</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES –
SPECIAL REVENUE FUNDS – NONMAJOR
YEAR ENDED DECEMBER 31, 2010**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Fire Company Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Grant Fund</u>	<u>Total Special Revenue Fund</u>
REVENUES						
Other Taxes	\$ --	\$ 83,394	\$ --	\$ --	\$ --	\$ 83,394
Interest, Rents and Royalties	1,678	79	1,999	88	--	3,844
Intergovernmental Revenue	513,788	--	--	--	214,750	728,538
Contributions from Private Sources	--	--	--	9,887	--	9,887
TOTAL REVENUES	<u>\$ 515,466</u>	<u>\$ 83,473</u>	<u>\$ 1,999</u>	<u>\$ 9,975</u>	<u>\$ 214,750</u>	<u>\$ 825,663</u>
EXPENDITURES						
Public Safety	\$ --	\$ --	\$ --	\$ --	\$ 124,474	\$ 124,474
Highways and Streets	655,214	65,850	--	--	87,926	808,990
Culture and Recreation	--	--	--	997	2,350	3,347
TOTAL EXPENDITURES	<u>655,214</u>	<u>65,850</u>	<u>--</u>	<u>997</u>	<u>214,750</u>	<u>936,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(139,748)</u>	<u>17,623</u>	<u>1,999</u>	<u>8,978</u>	<u>--</u>	<u>(111,148)</u>
OTHER FINANCING SOURCES (USES)						
Refund of Prior Year Expenditures	--	2,606	--	--	--	2,606
Refund of Prior Year Revenues	--	(10,000)	--	--	--	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(7,394)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(7,394)</u>
NET CHANGE IN FUND BALANCE	<u>(139,748)</u>	<u>10,229</u>	<u>1,999</u>	<u>8,978</u>	<u>--</u>	<u>(118,542)</u>
FUND BALANCES – JANUARY 1, 2010	<u>613,073</u>	<u>8,898</u>	<u>203,614</u>	<u>41,619</u>	<u>--</u>	<u>867,204</u>
FUND BALANCES – DECEMBER 31, 2010	<u>\$ 473,325</u>	<u>\$ 19,127</u>	<u>\$ 205,613</u>	<u>\$ 50,597</u>	<u>\$ --</u>	<u>\$ 748,662</u>

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