

**SPRINGETTSBURY TOWNSHIP
DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

Authority Members
Springettsbury Township Development Authority

We have audited the accompanying financial statements of Springettsbury Township Development Authority (the Authority), a component unit of Springettsbury Township, as of and for the year ended December 31, 2015, which comprise the statement of net position, statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT - continued

Opinions

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of Springettsbury Township Development Authority as of December 31, 2015 and the respective changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Previous Year Financial Statements

The financial statements of Springettsbury Township Development Authority for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements, and the accompanying required supplementary information, on May 7, 2015.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 6 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.

Stambaugh Ness, PC

York, Pennsylvania
July 25, 2016

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2015 AND 2014

The Management's Discussion and Analysis for the financial statements related to the Springettsbury Township Development Authority provides the reader with a general summary of the Development Authority's activities for the years ending December 31, 2015 and 2014.

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 Authority's financial activities
3. Identify overall changes in the Authority's financial position
4. Identify any material deviations from the financial plan

Readers can also review the Auditor's transmittal, the statements, and the various notes to the financial statements in order to have a more complete understanding of the Authority's financial performance.

Financial Highlights

- The Development Authority issued guaranteed revenue notes amounting to \$6,807,000 in 2006 and retired \$805,000 and \$778,000 related to these notes during December 31, 2015 and 2014, respectively. The note was paid in full as of December 31, 2015.
- The Development Authority secured a \$5,683,920 Infrastructure and Facilities Improvement Program grant from the Department of Community and Economic Development in 2006. These grant funds are being used by the Authority to pay debt service for the infrastructure improvements related to the York Towne Center. The Authority annually receives approximately \$568,000 of grant revenue.
- The Authority contracted in 2006 with the developers of the York Towne Center for on and off-site improvements for the development of a new commercial venture on Mount Zion and Concord Roads. This effort led to the grant award highlighted above. The York Towne Center is anticipating in the long-term, approximately 1,000 jobs being created for the Springettsbury labor market. In addition, total tax revenue amounting to 5 million dollars has also been estimated. The Center opened in the Fall of 2007 and has been at 100% occupancy throughout 2014 and 2015.
- During 2010, the Township entered into an agreement with the Commonwealth of Pennsylvania Department of Transportation to participate in the improvement to Market Street and Mount Zion Road. The Development Authority is contributing \$500,000 to this project. The project was completed in 2015 and the Authority paid their pledged amount of \$500,000.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - continued
DECEMBER 31, 2015 AND 2014

OVERVIEW:

The Management's Discussion and Analysis serves as an introduction to the Authority's basic financial statements. The Authority uses the accrual basis of accounting. This accounting basis has revenues recorded when earned and expenses recorded when a liability is incurred.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are designed to provide the reader with a general review of the Authority's accrual basis financial position similar to the private sector business enterprise.

The Statement of Net Position presents information concerning the Authority's assets and liabilities. The difference between these two is reported as the Net Position.

The Statement of Activities provides the reader the Authority's revenues and expenses. Their difference represents the change in Net Position.

NOTES:

The Notes to the financial statements provide further information that is considered essential to a better understanding of the figures provided in the Authority's financial statements.

CONTACT:

This financial report is designed to provide detailed information regarding the Springettsbury Township Development Authority's operations and to provide insights to those who may have an interest in the Authority's financial affairs. Questions concerning any of the information provided in this report should be addressed to Barbara K. Lindeman, Director of Finance, Springettsbury Township Development Authority, 1501 Mount Zion Road, York, Pennsylvania, 17402 or by telephone at (717) 757-3521.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION

ASSETS

	December 31,		Increase
	2015	2014	(decrease)
CURRENT ASSETS			
Cash and cash equivalents	\$ 76,634	\$ 588,311	\$ (511,677)
Accounts receivable	568,120	-	568,120
Due from primary government	-	256,000	(256,000)
	644,754	844,311	(199,557)
Total current assets	644,754	844,311	(199,557)
Total assets	\$ 644,754	\$ 844,311	\$ (199,557)

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Due to primary government	\$ 558,768	\$ 74	\$ 558,694
Current portion of long-term debt	-	805,000	(805,000)
	558,768	805,074	(246,306)
Total current liabilities	558,768	805,074	(246,306)
Total liabilities	558,768	805,074	(246,306)
NET POSITION			
Unrestricted	85,986	39,237	46,749
Total net position	85,986	39,237	46,749
Total liabilities and net position	\$ 644,754	\$ 844,311	\$ (199,557)

See accompanying notes.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Years ended December 31,</u>		Increase
	<u>2015</u>	<u>2014</u>	<u>(decrease)</u>
OPERATING REVENUES			
State grants	<u>\$ 568,120</u>	<u>\$ 568,392</u>	<u>\$ (272)</u>
Total operating revenues	568,120	568,392	(272)
OPERATING EXPENSES			
Highway and streets	500,000	-	500,000
Professional fees	<u>3,314</u>	<u>5,602</u>	<u>(2,288)</u>
Total operating expenses	<u>503,314</u>	<u>5,602</u>	<u>497,712</u>
Operating income	64,806	562,790	(497,984)
NONOPERATING REVENUES (EXPENSES)			
Interest income	9,980	19,786	(9,806)
Interest expense	<u>(28,037)</u>	<u>(56,175)</u>	<u>28,138</u>
Total nonoperating revenues (expenses)	<u>(18,057)</u>	<u>(36,389)</u>	<u>18,332</u>
Changes in net position	46,749	526,401	(479,652)
Net position - beginning of year	<u>39,237</u>	<u>(487,164)</u>	<u>526,401</u>
Net position - end of year	<u>\$ 85,986</u>	<u>\$ 39,237</u>	<u>\$ 46,749</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 568,120	\$ 568,392
Cash payments for goods and services	(512,740)	(6,699)
NET CASH PROVIDED BY OPERATING ACTIVITIES	55,380	561,693
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payment on debt	(805,000)	(778,000)
Loan collection from Springettsbury Township	256,000	247,000
Interest paid	(28,037)	(56,175)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(577,037)	(587,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	9,980	19,786
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,980	19,786
NET DECREASE IN CASH AND CASH EQUIVALENTS	(511,677)	(5,696)
Cash and cash equivalents - beginning of year	588,311	594,007
Cash and cash equivalents - end of year	\$ 76,634	\$ 588,311
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 64,806	\$ 562,790
Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities		
Increase (decrease) in due to Primary Government	(9,426)	(1,097)
Total adjustment	(9,426)	(1,097)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 55,380	\$ 561,693

See accompanying notes.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE A - NATURE OF OPERATIONS

Springettsbury Township Development Authority (the Authority) was organized in 2005, under the Pennsylvania Municipality Authorities Act, as a means to provide Springettsbury Township ("Township") the financial resources necessary to enhance the economic health of the community. The Authority will also support the efforts of the Township in developing parks, facilities and improving the Township's existing infrastructure.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed all potential component units, which may or may not fall within the Authority's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the Authority's reporting entity are financial accountability and the nature and significance of the relationship.

Based on the criteria, the Springettsbury Township Development Authority is a component unit of Springettsbury Township. Audited financial statements for Springettsbury Township are available at the Township's offices located at 1501 Mount Zion Road, York, Pennsylvania 17402-9084.

Basis of Accounting

The financial statements of the Authority are reported using the current financial resources measurement focus and modified 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources.

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.

Capital Assets

Capital assets, including infrastructure assets constructed and acquired by the Authority are expensed and reported on the financial statements of the Township.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

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.

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Issuance costs associated with long-term debt are expensed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. During the years ended December 31, 2015 and 2014, the Authority did not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. During the years ended December 31, 2015 and 2014, the Authority did not have any deferred inflows of resources.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The Authority maintains its cash balances at one financial institution. The balances insured by the Federal Deposit Insurance Corporation were up to \$250,000 for all accounts as of December 31, 2015 and 2014. The excess, if any, is covered by collateral held by the pledging financial institution's trust department on all stated accounts.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. As of December 31, 2015 and 2014, the Authority's bank balance was \$76,634 and \$588,311, respectively. At December 31, 2015 and 2014, the Authority has no uncovered amounts.

Reconciliation to Financial Statements at December 31, 2015:

Amount covered by Act 72	\$ -
Amount covered by FDIC	<u>76,634</u>
Carrying amount - bank balances at December 31, 2015	<u>76,634</u>
Total cash per financial statements at December 31, 2015	<u>\$76,634</u>

Reconciliation to Financial Statements at December 31, 2014:

Amount covered by Act 72	\$338,311
Amount covered by FDIC	<u>250,000</u>
Carrying amount - bank balances at December 31, 2014	<u>588,311</u>
Total cash per financial statements at December 31, 2014	<u>\$588,311</u>

Interest Rate Risk

The Authority has a formal investment policy that limits its investment choices to certain credit ratings.

NOTE D - CONTINGENT LIABILITIES

Grant Programs

The Authority participates in state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority 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.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE E - LONG-TERM DEBT

	<u>Notes Payable</u>
Balance as of January 1, 2015	\$ 805,000
Principal Retirements	<u>(805,000)</u>
Balance as of December 31, 2015	<u>\$ -</u>
Balance as of January 1, 2014	\$ 1,583,000
Principal Retirements	<u>(778,000)</u>
Balance as of December 31, 2014	<u>\$ 805,000</u>

Guaranteed Revenue Note A & Note B - 2006

On March 15, 2006, the Township issued guaranteed revenue notes in the amount of \$6,807,000. The purpose of Note A, in the amount of \$4,788,000, was to provide financing for the Transportation Improvement Project. The note will be paid with proceeds from a grant approved by the Department of Community and Economic Development (DCED). The purpose of Note B, in the amount of \$2,019,000, was to provide financing for the Road Improvement and Building Projects, upon the request of Springettsbury Township. The Authority loaned the proceeds of Note B to the Township for the Road Improvement and Building Projects. The notes both bear an interest rate of 3.50% payable semi-annually. The notes matured in October 2015. The Authority paid off both Note A and Note B in 2015.

NOTE F - GRANT REVENUE

The Authority receives grant revenue through a Department of Community and Economic Development Infrastructure and Facilities Improvement Program Grant. The grant is used for debt service payments. A separate audit is required on the DCED Infrastructure and Facilities Improvement Grant at the completion of the ten-year grant period.

NOTE G - COMMITMENTS

The Authority had pledged to fund \$500,000 of the Market Street Project upon project completion. Construction was completed in 2015 by the Pennsylvania Department of Transportation and the Authority subsequently paid the pledged funds in 2015.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 25, 2016, the date the financial statements were available to be issued.