

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2011**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2011**

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**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2011**

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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, 2011, 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, 2011, 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 39 through 41 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 as a whole. 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 9, 2012

SPRINGETTSBURY TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2011

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, 2011. In addition, referenced tables also have been prepared to provide 2010 and 2011 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 \$111,461,219. Of this amount \$70,817,869 represents the Township's business-type activities (sewer utility) and \$40,643,350 general governmental activities. These figures are specifically shown on page three of the financial statements. The costs of all Township programs totaled \$25,518,432 (page 5).

The Township's governmental capital assets increased by \$4,184,460 in 2011. Of this amount \$992,236 was for improvements in capital equipment and land acquisition. In addition, developer contributions to the Township's infrastructure costs totaled \$1,662,224 and land donations valued at \$1,530,000. Please reference page 26.

The Township's Sewer Utility also completed some \$26,031,498 in construction and improvements to capital plant assets (page 26).

## 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 3-5) provide information about the activities of the Township as a whole. Fund financial statements beginning on page 8 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. The Fire Pension assets were transferred to York Area United Fire and Rescue in 2011 and are reported on its financial statements. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets as shown on pages 14 and 15. 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 2011, a comprehensive analysis of Government-wide financial information is being presented to compare 2010 and 2011 audit years.

### Government-Wide Statements

#### Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

|   | Statement of Net Assets<br>December 31 |                             |                     |         |                            |                             |                     |         |
|---|--|-----------------------------|---------------------|---------|----------------------------|-----------------------------|---------------------|---------|
|   | 2010                                   |                             |                     |         | 2011                       |                             |                     |         |
|   | Governmental<br>Activities             | Business-Type<br>Activities | Total<br>Government | Primary | Governmental<br>Activities | Business-Type<br>Activities | Total<br>Government | Primary |
| Current and Other Assets                            | \$ 4,192,237                           | \$ 17,613,243               | \$ 21,805,480       |         | \$ 4,550,758               | \$ 14,480,366               | \$ 19,031,124       |         |
| Capital Assets                                      | 33,886,091                             | 55,763,870                  | 89,649,961          |         | 36,092,592                 | 56,337,503                  | 92,430,095          |         |
| Total Assets  | 38,078,328                             | 73,377,113                  | 111,455,441         |         | 40,643,350                 | 70,817,869                  | 111,461,219         |         |
| Current Term Liabilities                            | 597,302                                | 2,852,701                   | 3,450,003           |         | 1,193,944                  | 1,882,609                   | 3,076,553           |         |
| Other (Non-Current)                                 | 2,003,510                              | 25,785,259                  | 27,788,769          |         | 1,963,809                  | 24,595,841                  | 26,559,650          |         |
| Total Liabilities                                   | 2,600,812                              | 28,637,960                  | 31,238,772          |         | 3,157,753                  | 26,478,450                  | 29,636,203          |         |
| <br>Net Assets                                      |  |                             |                     |         |                            |                             |                     |         |
| Invested in Capital Assets<br>(Net of Related Debt) | 32,690,091                             | 31,828,714                  | 64,518,805          |         | 35,119,592                 | 30,691,728                  | 65,811,320          |         |
| Restricted  | 473,325                                | 6,229,504                   | 6,702,829           |         | 278,911                    | 7,964,533                   | 8,243,444           |         |
| Unrestricted  | 2,314,100                              | 6,680,935                   | 8,995,035           |         | 2,087,094                  | 5,683,158                   | 7,770,252           |         |
| Total Net Assets                                    | 35,477,516                             | 44,739,153                  | 80,216,669          |         | 37,485,597                 | 44,339,419                  | 81,825,016          |         |
| <br>Total Liabilities and Net Assets                | <br>\$ 38,078,328                      | <br>\$ 73,377,113           | <br>\$ 111,455,441  |         | <br>\$ 40,643,350          | <br>\$ 70,817,869           | <br>\$ 111,461,219  |         |

For more detailed information please refer to pages 3 and 4, Statement of Net Assets.

The Township's combined net assets for 2011 amounted to \$81,825,016. Net Assets for Business-type activities (sewer utility operations) amounted to \$44,339,419. 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 \$2,087,094.

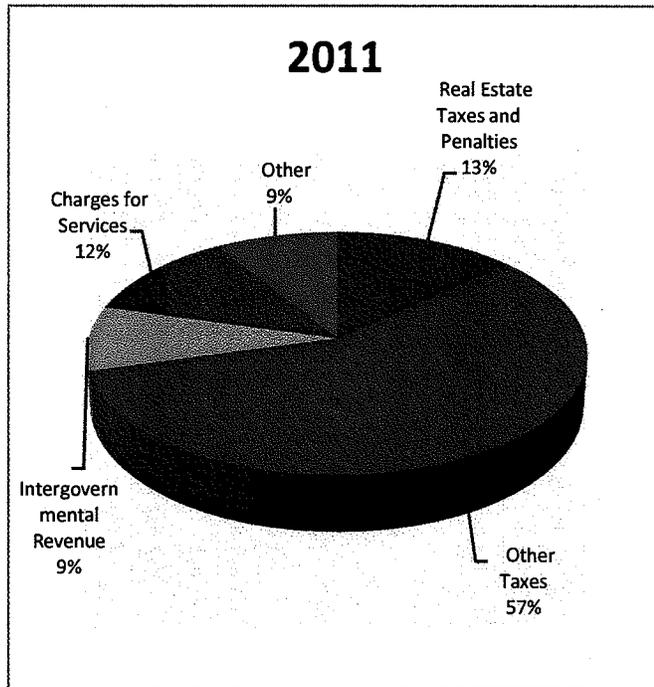
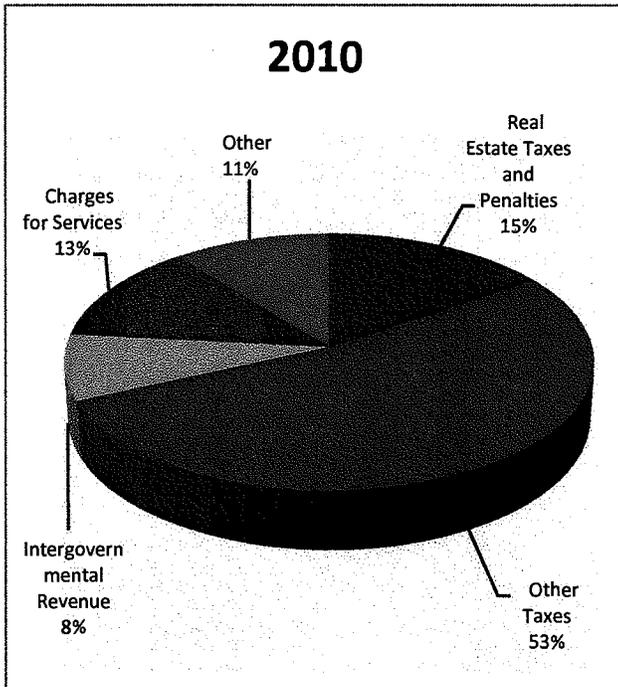
The following charts present the Township's revenues and expenditures by fund type. They are shown in more detail on page 8 of the financial statements.

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

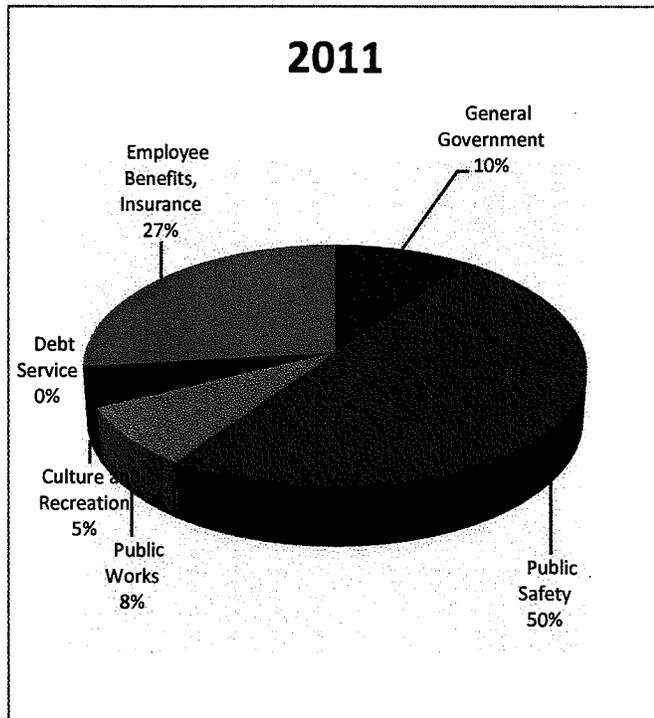
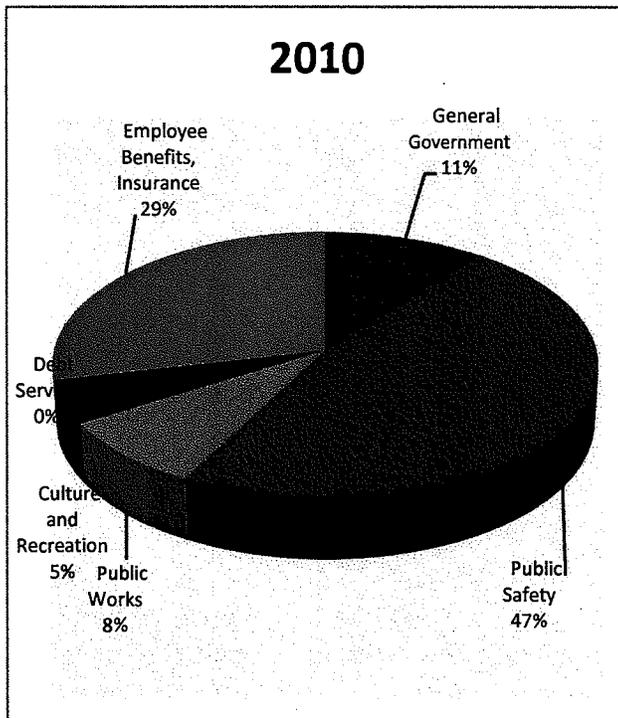
|   | 2010              |                  |                          | 2011              |                    |                          |
|---|-------------------|------------------|--------------------------|-------------------|--------------------|--------------------------|
|   | General Fund      | Other Funds      | Total Governmental Funds | General Fund      | Other Funds        | Total Governmental Funds |
| <b>Revenues</b>                                 |                   |                  |                          |                   |                    |                          |
| Real Estate Taxes and Penalties                 | \$ 1,765,985      | \$ 83,394        | \$ 1,849,379             | \$ 1,772,971      | \$ -               | \$ 1,772,971             |
| Other Taxes                                     | 6,029,688         | -                | 6,029,688                | 7,703,702         | 84,600             | 7,788,302                |
| Intergovernmental Revenues                      | 943,117           | 754,538          | 1,697,655                | 1,148,555         | 586,991            | 1,735,546                |
| Charges for Services                            | 1,429,673         | 113,874          | 1,543,547                | 1,589,090         | 107,811            | 1,696,901                |
| Other   | 1,236,839         | 22,909           | 1,259,748                | 1,181,273         | 15,257             | 1,196,530                |
| <b>Total Revenues</b>                           | <b>11,405,302</b> | <b>974,715</b>   | <b>12,380,017</b>        | <b>13,395,591</b> | <b>794,659</b>     | <b>14,190,250</b>        |
| <b>Expenditures</b>                             |                   |                  |                          |                   |                    |                          |
| General Government                              | 1,280,038         | 37,006           | 1,317,044                | 1,208,890         | 790,175            | 1,999,065                |
| Public Safety                                   | 5,643,032         | 124,474          | 5,767,506                | 6,272,709         | 4,572              | 6,277,281                |
| Public Works<br>(Highways, Sanitation, Streets) | 1,005,061         | 887,505          | 1,892,566                | 1,023,045         | 844,523            | 1,867,568                |
| Culture and Recreation                          | 634,116           | 28,189           | 662,305                  | 675,133           | 37,869             | 713,002                  |
| Debt Service                                    | 2,575             | 265,037          | 267,612                  | -                 | 265,674            | 265,674                  |
| Employee Benefits, Insurances<br>and Other      | 3,416,617         | -                | 3,416,617                | 3,349,938         | -                  | 3,349,938                |
| <b>Total Expenditures</b>                       | <b>11,981,439</b> | <b>1,342,211</b> | <b>13,323,650</b>        | <b>12,529,715</b> | <b>1,942,813</b>   | <b>14,472,528</b>        |
| <b>Other Financing Uses</b>                     |                   |                  |                          |                   |                    |                          |
| Interfund Transfers                             | (155,000)         | 155,000          | -                        | (150,000)         | 150,000            | -                        |
| Refunds Expenditures/Revenues                   | (23,542)          | 14,772           | (8,770)                  | 59,936            | (7,779)            | 52,157                   |
| Sale of Fixed Assets                            | 2,616             | -                | 2,616                    | -                 | -                  | -                        |
| <b>Total Other Financing Uses</b>               | <b>(175,926)</b>  | <b>169,772</b>   | <b>(6,154)</b>           | <b>(90,064)</b>   | <b>142,221</b>     | <b>52,157</b>            |
| <b>Net Changes in Fund Balances</b>             | <b>(752,063)</b>  | <b>(197,724)</b> | <b>(949,787)</b>         | <b>775,812</b>    | <b>(1,005,933)</b> | <b>(230,121)</b>         |
| <b>Fund Balances:</b>                           |                   |                  |                          |                   |                    |                          |
| January 1                                       | 3,511,890         | 1,255,832        | 4,767,722                | 2,759,827         | 1,058,108          | 3,817,935                |
| December 31                                     | \$ 2,759,827      | \$ 1,058,108     | \$ 3,817,935             | \$ 3,535,639      | \$ 52,175          | \$ 3,587,814             |

# 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 twelve.

|   | <u>December 31</u>              |                  |
|---|---------------------------------|------------------|
|   | <u>BUSINESS TYPE ACTIVITIES</u> |                  |
|   | Sewer Fund                      |                  |
|   | <u>2010</u>                     | <u>2011</u>      |
| Operating Revenues                          |                                 |                  |
| Charges for Services                        | \$ 7,006,014                    | \$ 8,075,513     |
| Intergovernmental Revenues<br>and Other     | <u>4,312</u>                    | <u>409,986</u>   |
| Total Operating Revenues                    | 7,010,326                       | 8,485,499        |
| Operating Expenditures                      |                                 |                  |
| Costs of Services                           | 4,909,055                       | 5,880,217        |
| Administration                              | 229,338                         | 275,000          |
| Amortization and Depreciation               | <u>1,603,142</u>                | <u>2,796,276</u> |
| Total Operating Expenditures                | 6,741,535                       | 8,951,493        |
| Operating Income(Loss)                      | 268,791                         | (465,994)        |
| Non Operating Revenues (Expenditures)       |                                 |                  |
| Tapping Fees                                | 56,542                          | 204,629          |
| Investment Income                           | 188,944                         | 203,904          |
| Bond Interest                               | (1,043,052)                     | (1,123,892)      |
| Gain or Loss on Sale of Assets              | 29,043                          | 276              |
| Build America Bonds-Interest Subsidy        | <u>219,502</u>                  | <u>293,757</u>   |
| Total Non Operating Revenues (Expenditures) | (549,021)                       | (421,326)        |
| Capital Contributions                       | 133,875                         | 487,586          |
| Change in Net Assets                        | (146,355)                       | (399,734)        |
| Total Net Assets - January 1                | 44,885,508                      | 44,739,153       |
| Total Net Assets - December 31              | \$ 44,739,153                   | \$ 44,339,419    |

## GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was an increase of \$775,812. This was primarily due to increased intergovernmental revenues during 2011. The actual General Fund balance for 2011 is \$3,535,639. Page eight of the financial statements presents the detailed review.

### Business-Type Activities

The change in net assets for the Sewer Fund business type activities was (\$399,734). Page twelve highlights these activities by specific numbers and analysis.

### The Township's Funds Governmental and Business Type Funds

As of 2011 year end, the governmental funds (please refer to page 8) reported a combined fund balance of \$3,587,814. 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 \$44,339,419. Please refer to page twelve for a variety of specific changes presented.

### Capital Assets and Debt Administration Governmental and Business Type Activities

#### Capital Assets

At the close of 2011, the Township had \$36,092,592 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, along with Park and Recreational land. More detail is shown in the notes to the financial statements as summarized on page 26.

The Sewer Fund at the close of 2011 had net capital assets of \$56,337,503. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 26.

#### Debt

At December 31, 2011 the Governmental long term debt (bonds and notes) stood at \$973,000 and the sewer fund debt at \$25,955,000. As reported in the Notes to the Financial Statements (pages 27-28), 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 27 of the notes for additional details.

## BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of the fiscal year, the Township Budget adapts to and sustains some necessary 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 increased at the close of fiscal year 2011 by \$775,812, and continues to remain sufficient to safeguard for additional adjustments. The total general fund balance of \$3,535,639 has \$1,331,950 reserved to maintain the budgetary balance between revenues and expenditures in 2012.

For 2011, the total actual General Fund Revenues exceeded budgeted revenues by \$1,913,591. This was primarily the result of increased tax collections, intergovernmental revenues, and insurance reimbursements received. Expenditures for 2011 were actually less than budgeted by \$174,785. The financial statements provide a detailed break-down of these revenues and expenditures on page 39. General Fund expenditures are monitored closely during the fiscal year for accountability and budgetary stability.

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 business viability 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. In addition, 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 the Township's service fees, the Township has 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) 505-0416.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

|   | <u>Primary Government</u>          |                                     |                       | <u>Component<br/>Unit</u>        |
|---|------------------------------------|-------------------------------------|-----------------------|----------------------------------|
|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>          | <u>Development<br/>Authority</u> |
| <b>ASSETS</b>   |                                    |                                     |                       |                                  |
| <b>Current Assets</b>                                 |                                    |                                     |                       |                                  |
| Cash and Cash Equivalents                             | \$ 1,052,312                       | \$ 99,515                           | \$ 1,151,827          | \$ 632,900                       |
| Investments   | 2,764,993                          | 5,849,331                           | 8,614,324             | --                               |
| Taxes Receivable, Net                                 | 78,509                             | --                                  | 78,509                | --                               |
| Due from Other Governments                            | 518,285                            | --                                  | 518,285               | 973,000                          |
| Accounts Receivable                                   | 136,659                            | 399,391                             | 536,050               | --                               |
| Prepaid Expenses                                      | --                                 | 17,530                              | 17,530                | --                               |
| <b>Total Current Assets</b>                           | <u>4,550,758</u>                   | <u>6,365,767</u>                    | <u>10,916,525</u>     | <u>1,605,900</u>                 |
| <b>Noncurrent Assets</b>                              |                                    |                                     |                       |                                  |
| <b>Other Assets</b>                                   |                                    |                                     |                       |                                  |
| Restricted Assets – Investments                       | --                                 | 7,964,533                           | 7,964,533             | --                               |
| Bond Issue Costs<br>(Net of Accumulated Amortization) | --                                 | 150,066                             | 150,066               | --                               |
| <b>Total Other Assets</b>                             | <u>--</u>                          | <u>8,114,599</u>                    | <u>8,114,599</u>      | <u>--</u>                        |
| <b>Capital Assets</b>                                 |                                    |                                     |                       |                                  |
| Land and Right of Ways                                | 4,127,827                          | 1,700,192                           | 5,828,019             | --                               |
| Buildings   | 7,063,457                          | --                                  | 7,063,457             | --                               |
| Improvements (Other than Buildings)                   | 5,111,492                          | --                                  | 5,111,492             | --                               |
| Machinery and Equipment                               | 2,339,873                          | 3,799,627                           | 6,139,500             | --                               |
| Infrastructure Assets                                 | 50,322,554                         | --                                  | 50,322,554            | --                               |
| Collection Lines                                      | --                                 | 24,203,381                          | 24,203,381            | --                               |
| Treatment Plant                                       | --                                 | 56,231,727                          | 56,231,727            | --                               |
| Less: Accumulated Depreciation                        | (32,872,611)                       | (29,597,424)                        | (62,470,035)          | --                               |
| <b>Total Capital Assets</b>                           | <u>36,092,592</u>                  | <u>56,337,503</u>                   | <u>92,430,095</u>     | <u>--</u>                        |
| <b>Total Noncurrent Assets</b>                        | <u>36,092,592</u>                  | <u>64,452,102</u>                   | <u>100,544,694</u>    | <u>--</u>                        |
| <b>TOTAL ASSETS</b>                                   | <u>\$ 40,643,350</u>               | <u>\$ 70,817,869</u>                | <u>\$ 111,461,219</u> | <u>\$ 1,605,900</u>              |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

|  | <u>Primary Government</u>          |                                     |                       | <u>Component<br/>Unit</u>        |
|--|------------------------------------|-------------------------------------|-----------------------|----------------------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>          | <u>Development<br/>Authority</u> |
| <b>LIABILITIES</b>                                 |                                    |                                     |                       |                                  |
| <b>Current Liabilities</b>                         |                                    |                                     |                       |                                  |
| Internal Balances                                  | \$ 570,962                         | \$ (570,962)                        | \$ --                 | \$ --                            |
| Due to Other Governments                           | 30,973                             | --                                  | 30,973                | 14,114                           |
| Accounts Payable                                   | 92,863                             | 1,109,362                           | 1,202,225             | 8,388                            |
| Current Portion of Long-Term Debt                  | 231,000                            | 1,200,000                           | 1,431,000             | 726,000                          |
| Accrued Salaries and Wages                         | 153,409                            | 40,034                              | 193,443               | --                               |
| Payroll Deductions and Withholdings                | 21,932                             | --                                  | 21,932                | --                               |
| Other Current Liabilities                          | 39,071                             | 104,175                             | 143,246               | --                               |
| Deferred Revenue                                   | 53,734                             | --                                  | 53,734                | --                               |
| <b>Total Current Liabilities</b>                   | <u>1,193,944</u>                   | <u>1,882,609</u>                    | <u>3,076,553</u>      | <u>748,502</u>                   |
| <b>Noncurrent Liabilities</b>                      |                                    |                                     |                       |                                  |
| Bonds/Notes Payable                                | 973,000                            | 25,955,000                          | 26,928,000            | 3,060,000                        |
| Bond Discount<br>(Net of Accumulated Amortization) | --                                 | (159,159)                           | (159,159)             | --                               |
| Current Portion of Long-Term Debt                  | (231,000)                          | (1,200,000)                         | (1,431,000)           | (726,000)                        |
| Long-Term Portion of Compensated Absences          | 9,175                              | --                                  | 9,175                 | --                               |
| Other Post-Employment Benefits                     | 1,212,634                          | --                                  | 1,212,634             | --                               |
| <b>Total Noncurrent Liabilities</b>                | <u>1,963,809</u>                   | <u>24,595,841</u>                   | <u>26,559,650</u>     | <u>2,334,000</u>                 |
| <b>TOTAL LIABILITIES</b>                           | <u>3,157,753</u>                   | <u>26,478,450</u>                   | <u>29,636,203</u>     | <u>3,082,502</u>                 |
| <b>NET ASSETS</b>                                  |                                    |                                     |                       |                                  |
| Invested in Capital Assets, Net of Related Debt    | 35,119,592                         | 30,691,728                          | 65,811,320            | --                               |
| Restricted   | 278,911                            | 7,964,533                           | 8,243,444             | --                               |
| Unrestricted                                       | 2,087,094                          | 5,683,158                           | 7,770,252             | (1,476,602)                      |
| <b>TOTAL NET ASSETS</b>                            | <u>37,485,597</u>                  | <u>44,339,419</u>                   | <u>81,825,016</u>     | <u>(1,476,602)</u>               |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>            | <u>\$ 40,643,350</u>               | <u>\$ 70,817,869</u>                | <u>\$ 111,461,219</u> | <u>\$ 1,605,900</u>              |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011**

| Functions/Programs   | Program Revenues     |                            |  |  | Net (Expense) Revenue and<br>Changes in Net Assets |                                 |                      | Component<br>Unit     |                          |
|--|----------------------|----------------------------|--|--|--|---------------------------------|----------------------|-----------------------|--------------------------|
|  | Primary Government   |                            |  |  | Primary Government                                 |                                 |                      |                       | Development<br>Authority |
|  | Expenses             | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-<br>Type<br>Activities | Total                |                       |                          |
| <b>Governmental Activities</b>                                   |                      |                            |  |  |  |                                 |                      |                       |                          |
| General Government   | \$ 1,256,639         | \$ 310,938                 | \$ 14,782                                | \$ 40,175                              | \$ (890,744)                                       | \$ --                           | \$ (890,744)         | \$ --                 |                          |
| Public Safety  | 6,360,519            | 1,451,562                  | 165,864                                  | --                                     | (4,743,093)  | --                              | (4,743,093)          | --                    |                          |
| Sanitation   | 36,378               | 7,811                      | 110,885                                  | --                                     | 82,318   | --                              | 82,318               | --                    |                          |
| Highways and Streets   | 3,269,805            | 126,313                    | 564,096                                  | 35,210                                 | (2,544,186)  | --                              | (2,544,186)          | --                    |                          |
| Other Public Works   | --                   | --                         | 980                                      | --                                     | 980  | --                              | 980                  | --                    |                          |
| Culture and Recreation   | 924,427              | 221,497                    | 10,810                                   | --                                     | (692,120)  | --                              | (692,120)            | --                    |                          |
| Employee Benefits, Insurance and Other                           | 3,552,605            | 517,729                    | 740,949                                  | --                                     | (2,293,927)  | --                              | (2,293,927)          | --                    |                          |
| Interest on Long-Term Debt                                       | 42,674               | --                         | --                                       | --                                     | (42,674)   | --                              | (42,674)             | --                    |                          |
| <b>Total Governmental Activities</b>                             | <b>15,443,047</b>    | <b>2,635,850</b>           | <b>1,608,366</b>                         | <b>75,385</b>                          | <b>(11,123,446)</b>                                | <b>--</b>                       | <b>(11,123,446)</b>  | <b>--</b>             |                          |
| <b>Business-Type Activities</b>                                  |                      |                            |  |  |  |                                 |                      |                       |                          |
| Sewer  | 10,075,385           | 8,435,140                  | 255,264                                  | 293,757                                | --   | (1,091,224)                     | (1,091,224)          | --                    |                          |
| <b>Total Primary Government</b>                                  | <b>\$ 25,518,432</b> | <b>\$ 11,070,990</b>       | <b>\$ 1,863,630</b>                      | <b>\$ 369,142</b>                      | <b>(11,123,446)</b>                                | <b>(1,091,224)</b>              | <b>(12,214,670)</b>  | <b>--</b>             |                          |
| <b>Component Units</b>   |                      |                            |  |  |  |                                 |                      |                       |                          |
| Springettsbury Township Development Authority                    | \$ 154,676           | \$ --                      | \$ 568,392                               | \$ 8,117                               | --   | --                              | --                   | 421,833               |                          |
| <b>Total Component Unit</b>                                      | <b>\$ 154,676</b>    | <b>\$ --</b>               | <b>\$ 568,392</b>                        | <b>\$ 8,117</b>                        | <b>--</b>  | <b>--</b>                       | <b>--</b>            | <b>421,833</b>        |                          |
| <b>General Revenues</b>  |                      |                            |  |  |  |                                 |                      |                       |                          |
| Property Taxes, Levied for General Purposes, Net                 |                      |                            |  |  | 1,772,971  | --                              | 1,772,971            | --                    |                          |
| Other Taxes and Franchise Fees Levied for Specific Purposes, Net |                      |                            |  |  | 8,139,216  | --                              | 8,139,216            | --                    |                          |
| Investment Earnings  |                      |                            |  |  | 20,915   | 203,904                         | 224,819              | 66,316                |                          |
| Miscellaneous Income   |                      |                            |  |  | 6,201  | --                              | 6,201                | --                    |                          |
| Capital Contribution   |                      |                            |  |  | 3,192,224  | 487,586                         | 3,679,810            | --                    |                          |
| <b>Total General Revenues</b>                                    |                      |                            |  |  | <b>13,131,527</b>                                  | <b>691,490</b>                  | <b>13,823,017</b>    | <b>66,316</b>         |                          |
| <b>Change in Net Assets</b>                                      |                      |                            |  |  | <b>2,008,081</b>                                   | <b>(399,734)</b>                | <b>1,608,347</b>     | <b>488,149</b>        |                          |
| <b>Net Assets - January 1, 2011</b>                              |                      |                            |  |  | <b>35,477,516</b>                                  | <b>44,739,153</b>               | <b>80,216,669</b>    | <b>(1,964,751)</b>    |                          |
| <b>Net Assets - December 31, 2011</b>                            |                      |                            |  |  | <b>\$ 37,485,597</b>                               | <b>\$ 44,339,419</b>            | <b>\$ 81,825,016</b> | <b>\$ (1,476,602)</b> |                          |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

|  | <b>Major Funds</b>      |                                      |                           | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|--------------------------------------|---------------------------|---|
|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Nonmajor<br/>Funds</b> |   |
| <b>ASSETS</b>                              |                         |                                      |                           |   |
| Cash and Cash Equivalents                  | \$ 257,361              | \$ 376,647                           | \$ 418,304                | \$ 1,052,312                            |
| Investments                                | 2,764,993               | --                                   | --                        | 2,764,993                               |
| Taxes Receivable (Net)                     | 76,289                  | --                                   | 2,220                     | 78,509                                  |
| Due from Other Funds                       | 179,038                 | --                                   | 1,000                     | 180,038                                 |
| Accounts Receivable                        | 125,539                 | 980                                  | 10,140                    | 136,659                                 |
| Due from Other Governments                 | 518,285                 | --                                   | --                        | 518,285                                 |
|  | <b>\$ 3,921,505</b>     | <b>\$ 377,627</b>                    | <b>\$ 431,664</b>         | <b>\$ 4,730,796</b>                     |
| <b>TOTAL ASSETS</b>                        |                         |                                      |                           |   |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |                                      |                           |   |
| <b>LIABILITIES</b>                         |                         |                                      |                           |   |
| Due to Other Funds                         | \$ 1,000                | \$ 750,000                           | \$ --                     | \$ 751,000                              |
| Due to Other Governments                   | 30,973                  | --                                   | --                        | 30,973                                  |
| Accounts Payable                           | 85,747                  | --                                   | 7,116                     | 92,863                                  |
| Accrued Salaries and Wages                 | 153,409                 | --                                   | --                        | 153,409                                 |
| Payroll Deductions and Withholdings        | 21,932                  | --                                   | --                        | 21,932                                  |
| Other Liabilities                          | 39,071                  | --                                   | --                        | 39,071                                  |
| Deferred Revenues                          | 53,734                  | --                                   | --                        | 53,734                                  |
|  | <b>385,866</b>          | <b>750,000</b>                       | <b>7,116</b>              | <b>1,142,982</b>                        |
| <b>TOTAL LIABILITIES</b>                   |                         |                                      |                           |   |
| <b>FUND BALANCES</b>                       |                         |                                      |                           |   |
| Restricted                                 | --                      | --                                   | 278,911                   | 278,911                                 |
| Committed                                  | --                      | 205,908                              | --                        | 205,908                                 |
| Assigned                                   | 1,431,950               | 100,810                              | 145,637                   | 1,678,397                               |
| Unassigned                                 | 2,103,689               | (679,091)                            | --                        | 1,424,598                               |
|  | <b>3,535,639</b>        | <b>(372,373)</b>                     | <b>424,548</b>            | <b>3,587,814</b>                        |
| <b>TOTAL FUND BALANCES</b>                 |                         |                                      |                           |   |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> |                         |                                      |                           |   |
|  | <b>\$ 3,921,505</b>     | <b>\$ 377,627</b>                    | <b>\$ 431,664</b>         | <b>\$ 4,730,796</b>                     |

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, 2011**

|  |                                       |
|--|---------------------------------------|
| <b>Total Fund Balances – Governmental Funds</b>  | <b>\$ 3,587,814</b>                   |
| <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>  |                                       |
| 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 <b>\$68,965,203</b> , and the accumulated depreciation is <b>\$32,872,611</b> . | 36,092,592                            |
| 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  | (973,000)                             |
| Compensated absences   | (9,175)                               |
| Other post-employment benefits   | <u>(1,212,634)</u> <u>(2,194,809)</u> |
| <b>TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES</b>  | <b><u>\$ 37,485,597</u></b>           |

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, 2011**

|  | <b>Major Funds</b>      |                                      |                           | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|--------------------------------------|---------------------------|---|
|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Nonmajor<br/>Funds</b> |   |
| <b>REVENUES</b>  |                         |                                      |                           |   |
| Real Estate Taxes and Penalties                              | \$ 1,772,971            | \$ --                                | \$ --                     | \$ 1,772,971                            |
| Other Taxes  | 7,703,702               | --                                   | 84,600                    | 7,788,302                               |
| Licenses and Permits   | 367,252                 | --                                   | --                        | 367,252                                 |
| Fines and Forfeits   | 270,702                 | --                                   | --                        | 270,702                                 |
| Interest, Rents and Royalties                                | 19,389                  | 602                                  | 924                       | 20,915                                  |
| Intergovernmental Revenues                                   | 1,148,555               | 10,000                               | 576,991                   | 1,735,546                               |
| Charges for Services   | 1,589,090               | --                                   | 107,811                   | 1,696,901                               |
| Miscellaneous  | 6,201                   | --                                   | --                        | 6,201                                   |
| Reimbursements   | 517,729                 | --                                   | --                        | 517,729                                 |
| Contributions from Private Sources                           | --                      | 9,604                                | 4,127                     | 13,731                                  |
|  | <b>13,395,591</b>       | <b>20,206</b>                        | <b>774,453</b>            | <b>14,190,250</b>                       |
| <b>TOTAL REVENUES</b>  |                         |                                      |                           |   |
| <b>EXPENDITURES</b>  |                         |                                      |                           |   |
| General Government   | 1,208,890               | 750,000                              | 40,175                    | 1,999,065                               |
| Public Safety  | 6,272,709               | --                                   | 4,572                     | 6,277,281                               |
| Highways and Street  | 1,023,045               | 55,061                               | 781,768                   | 1,859,874                               |
| Sanitation   | --                      | --                                   | 7,694                     | 7,694                                   |
| Culture and Recreation                                       | 675,133                 | 24,322                               | 13,547                    | 713,002                                 |
| Debt Service   | --                      | 265,674                              | --                        | 265,674                                 |
| Employee Benefits, Insurance and Other                       | 3,349,938               | --                                   | --                        | 3,349,938                               |
|  | <b>12,529,715</b>       | <b>1,095,057</b>                     | <b>847,756</b>            | <b>14,472,528</b>                       |
| <b>TOTAL EXPENDITURES</b>                                    |                         |                                      |                           |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                         |                                      |                           |   |
|  | <b>865,876</b>          | <b>(1,074,851)</b>                   | <b>(73,303)</b>           | <b>(282,278)</b>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                                      |                           |   |
| Transfers In   | 100,000                 | 250,000                              | --                        | 350,000                                 |
| Transfers Out  | (250,000)               | --                                   | (100,000)                 | (350,000)                               |
| Refund of Prior Year Expenditures                            | 68,316                  | --                                   | 338                       | 68,654                                  |
| Refund of Prior Year Revenues                                | (8,380)                 | (8,117)                              | --                        | (16,497)                                |
|  | <b>(90,064)</b>         | <b>241,883</b>                       | <b>(99,662)</b>           | <b>52,157</b>                           |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>              |                         |                                      |                           |   |
| <b>NET CHANGE IN FUND BALANCES</b>                           |                         |                                      |                           |   |
|  | <b>775,812</b>          | <b>(832,968)</b>                     | <b>(172,965)</b>          | <b>(230,121)</b>                        |
| <b>FUND BALANCES – JANUARY 1, 2011 (Restated)</b>            |                         |                                      |                           |   |
|  | <b>2,759,827</b>        | <b>460,595</b>                       | <b>597,513</b>            | <b>3,817,935</b>                        |
| <b>FUND BALANCES – DECEMBER 31, 2011</b>                     |                         |                                      |                           |   |
|  | <b>\$ 3,535,639</b>     | <b>\$ (372,373)</b>                  | <b>\$ 424,548</b>         | <b>\$ 3,587,814</b>                     |

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, 2011**

|   |                            |
|---|----------------------------|
| <b>Total net change in fund balance – governmental funds</b>  | <b>\$ (230,121)</b>        |
| <b>Amounts reported for governmental activities in the statement of activities are different because:</b>   |                            |
| 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  | \$ (1,977,959)             |
| Capital outlays   | 992,236                    |
|   | <b>(985,723)</b>           |
| The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.  |                            |
| Capital contribution of assets  | 3,192,224                  |
| 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.   |                            |
|   | 223,000                    |
| 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  | 11,368                     |
| 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.   |                            |
|   | <u>(202,667)</u>           |
| <b>Change in net assets of governmental activities</b>  | <b><u>\$ 2,008,081</u></b> |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2011**

|  | <u><b>Business-Type<br/>Activities<br/>Sewer<br/>Fund</b></u> |
|--|---|
| <b>ASSETS</b>                                      |   |
| <b>Current Assets</b>                              |   |
| Cash and Cash Equivalents                          | \$ 99,515   |
| Investments  | 5,849,331   |
| Due from Other Funds                               | 750,000   |
| Accounts Receivable                                | 399,391   |
| Prepaid Expenses                                   | <u>17,530</u>   |
| <b>Total Current Assets</b>                        | <u>7,115,767</u>  |
| <b>Noncurrent Assets</b>                           |   |
| <b>Other Assets</b>                                |   |
| Restricted Assets – Investments                    | 7,964,533   |
| Bond Issue Costs (Net of Accumulated Amortization) | <u>150,066</u>  |
| <b>Total Other Assets</b>                          | <u>8,114,599</u>  |
| <b>Capital Assets</b>                              |   |
| Land and Right of Ways                             | 1,700,192   |
| Machinery and Equipment                            | 3,799,627   |
| Collection Lines                                   | 24,203,381  |
| Treatment Plant                                    | 56,231,727  |
| Less: Accumulated Depreciation                     | <u>(29,597,424)</u>   |
| <b>Total Capital Assets, Net</b>                   | <u>56,337,503</u>   |
| <b>Total Noncurrent Assets</b>                     | <u>64,452,102</u>   |
| <b>TOTAL ASSETS</b>                                | <u>\$ 71,567,869</u>  |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2011**

|   | <b><u>Business-Type<br/>Activities<br/>Sewer<br/>Fund</u></b> |
|---|---|
| <b>LIABILITIES</b>                                |   |
| <b>Current Liabilities</b>                        |   |
| Accounts Payable                                  | \$ 1,109,362  |
| Accrued Salaries and Wages                        | 40,034  |
| Other Accrued Liabilities                         | 104,175   |
| Due to Other Funds                                | 179,038   |
| Current Portion of Long-Term Debt                 | <u>1,200,000</u>  |
| <b>Total Current Liabilities</b>                  | <u>2,632,609</u>  |
| <b>Noncurrent Liabilities</b>                     |   |
| Bonds Payable                                     | 25,955,000  |
| Bond Discount (Net of Accumulated Amortization)   | (159,159)   |
| Current Portion of Long-Term Debt                 | <u>(1,200,000)</u>  |
| <b>Total Noncurrent Liabilities</b>               | <u>24,595,841</u>   |
| <b>TOTAL LIABILITIES</b>                          | <u>27,228,450</u>   |
| <b>NET ASSETS</b>                                 |   |
| Investment in Capital Assets, Net of Related Debt | 30,691,728  |
| Restricted  | 7,964,533   |
| Unrestricted                                      | <u>5,683,158</u>  |
| <b>TOTAL NET ASSETS</b>                           | <u>44,339,419</u>   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>           | <u>\$ 71,567,869</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 FUND  
YEAR ENDED DECEMBER 31, 2011**

|  | <u><b>Business-Type<br/>Activities<br/>Sewer<br/>Fund</b></u> |
|--|---|
| <b>OPERATING REVENUES</b>                      |   |
| Charges for Services                           | \$ 4,696,439  |
| Charges for Services – Intergovernmental       | 3,379,074   |
| Insurance Proceeds                             | 358,112   |
| Intergovernmental Revenue                      | 18,379  |
| Refund of Prior Year Expenses                  | <u>33,495</u>   |
| <b>TOTAL OPERATING REVENUES</b>                | <u><b>8,485,499</b></u>                                       |
| <b>OPERATING EXPENSES</b>                      |   |
| Cost of Services                               | 5,880,217   |
| Administration                                 | 275,000   |
| Depreciation                                   | 2,775,718   |
| Amortization                                   | <u>20,558</u>   |
| <b>TOTAL OPERATING EXPENSES</b>                | <u><b>8,951,493</b></u>                                       |
| <b>OPERATING INCOME (LOSS)</b>                 | <u><b>(465,994)</b></u>                                       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>        |   |
| Tapping Fees                                   | 204,629   |
| Investment Income                              | 203,904   |
| Interest Expense                               | (1,123,892)   |
| Gain on Disposal of Capital Assets             | 276   |
| Federal Build America Bonds – Interest Subsidy | <u>293,757</u>  |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>  | <u><b>(421,326)</b></u>                                       |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>      | <b>(887,320)</b>  |
| <b>CAPITAL CONTRIBUTIONS</b>                   | <u><b>487,586</b></u>   |
| <b>CHANGE IN NET ASSETS</b>                    | <b>(399,734)</b>  |
| <b>TOTAL NET ASSETS – JANUARY 1, 2011</b>      | <u><b>44,739,153</b></u>                                      |
| <b>TOTAL NET ASSETS – DECEMBER 31, 2011</b>    | <u><b>\$ 44,339,419</b></u>                                   |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2011**

|   | <u><b>Business-Type<br/>Activities<br/>Sewer<br/>Fund</b></u> |
|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |
| Cash Received from Users  | \$ 8,399,767  |
| Cash Payments to Employees for Services   | (1,334,386)   |
| Cash Payments to Suppliers for Goods and Services   | (3,833,198)   |
| Cash Payments for Other Operating Expenses  | <u>(483,324)</u>  |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u>2,748,859</u>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  | <u>--</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                       |   |
| Acquisition, Construction and Improvement of Capital Assets   | (3,647,474)   |
| Decrease in Restricted Assets   | 1,140,032   |
| Tapping Fees Received   | 204,629   |
| Principal Payments  | (1,185,000)   |
| Advanced Payment of Township Property   | (750,000)   |
| Proceeds from Sale of Capital Assets  | 4,905   |
| Debt Interest Payments  | (1,125,757)   |
| Federal Interest Subsidy  | <u>293,757</u>  |
| <b>NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   | <u>(5,064,908)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |
| Investment Income   | 203,904   |
| Maturity of Investments – Net   | <u>656,224</u>  |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>  | <u>860,128</u>  |
| <b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | (1,455,921)   |
| <b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>  | <u>1,555,436</u>  |
| <b>CASH AND CASH EQUIVALENTS END OF YEAR</b>  | <u>\$ 99,515</u>  |
| <b>Reconciliation of Operating Income to Net Cash Provided by (Used for)<br/>Operating Activities</b> |   |
| <b>Operating (Loss)</b>   | <u>\$ (465,994)</u>   |
| <b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>         |   |
| Depreciation  | 2,775,718   |
| Amortization  | 20,558  |
| (Increase) Decrease in Accounts Receivable  | (85,732)  |
| (Increase) Decrease in Prepaid Expense  | 8,500   |
| Increase (Decrease) in Accounts Payable   | 369,800   |
| Increase (Decrease) in Accrued Salaries and Benefits  | (985)   |
| Increase in Interfund Balances  | <u>126,994</u>  |
| <b>Total Adjustments</b>  | <u>3,214,853</u>  |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u>\$ 2,748,859</u>   |
| <b>Noncash Investing, Capital, and Financing Activities</b>   |   |
| Contributions of Capital Assets from Developers   | <u>\$ 487,586</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, 2011**

|   | Pension Trust                                 |  |                                    |                           |                   | Private Purpose Trust Fund |                       | Agency Fund    |
|---|---|--|------------------------------------|---------------------------|-------------------|----------------------------|-----------------------|----------------|
|   | Paid<br>Firemen's<br>Defined<br>Contributions | Paid<br>Firemen's<br>Defined<br>Benefit Plan | Non-<br>Uniform<br>Pension<br>Fund | Police<br>Pension<br>Fund |                   | Library<br>Fund            | Schenck Trust<br>Fund | Escrow<br>Fund |
| <b>ASSETS</b>                           |   |  |                                    |                           |                   |                            |                       |                |
| Cash and Cash Equivalents               | \$ --   | \$ --  | \$ --                              | \$ --                     | \$ 96             | \$ 127                     | \$ 185,047            |                |
| Investments                             | --  | --   | 7,238,324                          | 10,749,550                | 192,432           | --                         | --                    | --             |
| Funds held by Citizens Bank             | --  | --   | --                                 | --                        | --                | 68,000                     | --                    | --             |
| <b>TOTAL ASSETS</b>                     | <u>\$ --</u>                                  | <u>\$ --</u>                                 | <u>\$ 7,238,324</u>                | <u>\$ 10,749,550</u>      | <u>\$ 192,528</u> | <u>\$ 68,127</u>           | <u>\$ 185,047</u>     |                |
| <b>LIABILITIES AND NET ASSETS</b>       |   |  |                                    |                           |                   |                            |                       |                |
| <b>LIABILITIES</b>                      |   |  |                                    |                           |                   |                            |                       |                |
| Accounts Payable                        | \$ --   | \$ --  | \$ --                              | \$ --                     | \$ --             | \$ --                      | \$ 31,330             |                |
| Due to Developers                       | --  | --   | --                                 | --                        | --                | --                         | 153,717               |                |
| <b>TOTAL LIABILITIES</b>                | <u>--</u>                                     | <u>--</u>                                    | <u>--</u>                          | <u>--</u>                 | <u>--</u>         | <u>--</u>                  | <u>185,047</u>        |                |
| <b>NET ASSETS</b>                       |   |  |                                    |                           |                   |                            |                       |                |
| Held in the Trust                       |   |  |                                    |                           |                   |                            |                       |                |
| Pension Benefits                        | --  | --   | 7,238,324                          | 10,749,550                | --                | --                         | --                    | --             |
| Other Purposes                          | --  | --   | --                                 | --                        | 192,528           | 68,127                     | --                    | --             |
| <b>TOTAL NET ASSETS</b>                 | <u>--</u>                                     | <u>--</u>                                    | <u>7,238,324</u>                   | <u>10,749,550</u>         | <u>192,528</u>    | <u>68,127</u>              | <u>--</u>             | <u>--</u>      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ --</u>                                  | <u>\$ --</u>                                 | <u>\$ 7,238,324</u>                | <u>\$ 10,749,550</u>      | <u>\$ 192,528</u> | <u>\$ 68,127</u>           | <u>\$ 185,047</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, 2011

|  | Pension Trust  |  |                                    |                           |            | Private Purpose Trust Fund<br>Library<br>Fund | Schenck Trust<br>Fund |
|--|--|--|------------------------------------|---------------------------|------------|---|-----------------------|
|  | Paid<br>Firemen's<br>Pension<br>Defined<br>Contributions | Paid<br>Firemen's<br>Pension<br>Defined<br>Benefit | Non-<br>Uniform<br>Pension<br>Fund | Police<br>Pension<br>Fund |            |   |                       |
| <b>ADDITIONS</b>                             |  |  |                                    |                           |            |   |                       |
| State Contributions – Act 205                | \$ --  | \$ --  | \$ 34,895                          | \$ 687,045                | \$ --      | \$ --   | \$ --                 |
| Municipal Contributions                      | --   | --   | 284,251                            | 8,996                     | --         | --  | --                    |
| Employee Contributions                       | --   | --   | 68,947                             | 129,716                   | --         | --  | --                    |
| Other Contributions                          | --   | --   | --                                 | --                        | --         | --  | 13,000                |
| Investment Income                            | --   | --   | --                                 | 166,853                   | 3,984      | 3,984   | 516                   |
| <b>TOTAL ADDITIONS</b>                       | --   | --   | 388,093                            | 992,610                   | 3,984      | 3,984   | 13,516                |
| <b>DEDUCTIONS</b>                            |  |  |                                    |                           |            |   |                       |
| Distributions and Benefit Payments           | --   | --   | 348,688                            | 553,866                   | --         | --  | --                    |
| Miscellaneous Expenses                       | --   | --   | 31,874                             | 74,530                    | --         | --  | --                    |
| Contribution to Libraries                    | --   | --   | --                                 | --                        | 1,526      | 1,526   | --                    |
| Unrealized Loss on Investments               | --   | --   | 53,174                             | --                        | --         | --  | --                    |
| Transfer to York Area United Fire and Rescue | 209,127  | 3,100,011  | --                                 | --                        | --         | --  | --                    |
| <b>TOTAL DEDUCTIONS</b>                      | 209,127  | 3,100,011  | 433,736                            | 628,396                   | 1,526      | 1,526   | --                    |
| <b>CHANGE IN NET ASSETS</b>                  | (209,127)  | (3,100,011)  | (45,643)                           | 364,214                   | 2,458      | 2,458   | 13,516                |
| <b>NET ASSETS – JANUARY 1, 2011</b>          | 209,127  | 3,100,011  | 7,283,967                          | 10,385,336                | 190,070    | 190,070                                       | 54,611                |
| <b>NET ASSETS – DECEMBER 31, 2011</b>        | \$ --  | \$ --  | \$ 7,238,324                       | \$ 10,749,550             | \$ 192,528 | \$ 192,528                                    | \$ 68,127             |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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, 2011**

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 projects fund is used to account for financial resources related to fixed asset acquisitions, construction, and improvements. This fund includes the capital improvements fund, storm water reserve fund, and fire company fund.

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 restricted to expenditures for specified purposes. The funds included in this category are:

- State Liquid Fuels Fund
- Petitioned Street Lighting Fund
- Waste Reduction Reserve Fund
- Subdivision Recreation Fund
- Grant Fund

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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-Uniform Pension Fund.

The private purpose trust funds are used to account for the assets held by the Township in a trustee capacity. 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 used to account for escrows held by the Township for 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, Special Revenue Funds and the Capital Projects Fund 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 would be reported as assigned fund balances. As of December 31, 2011, 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, 2011**

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.

**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, 2011**

**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. Private-Sector Guidance**

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. Changes in Accounting Principles and Restatement of Fund Balance**

**Changes in Accounting Principles**

During the year ended December 31, 2011, the Township implemented *GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

**Nonspendable** – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

**Restricted** – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed** – amounts that can be used only for the specific purposes determined by a formal action of the Board of Supervisors (the Township's highest level of decision making authority). The Board of Supervisors is required to also take formal action to modify or rescind the commitment,

**Assigned** – amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**N. Changes in Accounting Principles and Restatement of Fund Balance (Continued)**

**Changes in Accounting Principles (Continued)**

Unassigned – residual classification for the Township’s general fund and includes all spendable amounts not contained in the other classifications.

**Restatement of Fund Balance**

|  | Nonmajor<br>Funds | Capital<br>Projects<br>Fund |
|--|-------------------|-----------------------------|
| Fund Balance January 1, 2011                       | \$ 748,662        | \$ --                       |
| GASB 54 Adjustment:                                |                   |                             |
| Waste Reduction Reserve Fund – January 1, 2011     | 54,464            | --                          |
| Fire Company Fund – January 1, 2011                | (205,613)         | 205,613                     |
| Capital Improvement Fund Balance – January 1, 2011 | --                | 155,264                     |
| Storm Water Reserve Fund Balance – January 1, 2011 | --                | 99,718                      |
| <br>Adjusted Fund Balance – January 1, 2011        | <br>\$ 597,513    | <br>\$ 460,595              |

**O. Date of Management’s Review**

Management has evaluated subsequent events through May 9, 2012, 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 capital 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.

**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.

**SPRINGETTSBURY TOWNSHIP  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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

**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, 2011, \$864,208 of the Township's bank balance of \$1,364,208 was exposed to custodial credit risk.

**Reconciliation to Financial Statements**

|  |                         |
|--|-------------------------|
| Uninsured Amount, but with Pledged Collateral under Act 72 | \$ 864,208              |
| Plus: Insured Amount                                       | 500,000                 |
| Deposits in Transit  | 15,897                  |
| Less: Outstanding Checks                                   | <u>(228,578)</u>        |
| <br>Carrying Amount – Bank Balances                        | <br>1,151,527           |
| Plus: Petty Cash   | <u>300</u>              |
| <br>Total Cash per Financial Statements                    | <br><u>\$ 1,151,827</u> |

**Investments**

As of December 31, 2011, the Township had the following investments:

| <u>Investments</u>                        | <u>Maturity Term<br/>Range</u> | <u>Fair Value</u>        |
|---|--------------------------------|--------------------------|
| Certificates of Deposit                   | 1 - 12 years                   | \$ 14,423,332            |
| Money Market Mutual Funds                 |                                | 2,009,859                |
| Susquehanna Government Investment Account |                                | <u>145,666</u>           |
| <br>Total Investments                     |                                | <br><u>\$ 16,578,857</u> |

**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, 2011 the Township's investments in Morgan Stanley Smith Barney (CitiGroup Global Markets, Inc.) were rated A by Standard & Poor's.

**SPRINGETTSBURY TOWNSHIP  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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

**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, 2011, the Township's governmental and business-type investments were exposed to custodial risk as follows:

|   |                      |
|---|----------------------|
| Insured or Registered   | \$ 14,423,332        |
| Uninsured or unregistered with securities held by counterparty's trust department (DTC)   | 2,009,859            |
| Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name, but pledged collateral under Act 72 | 145,666              |
|   | <b>\$ 16,578,857</b> |

**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 | \$ 16,433,191                      | 91.59%                          |
| Citizen's Bank                            | 1,089,291                          | 6.07%                           |
| Susquehanna Bank                          | 420,583                            | 2.34%                           |
|   | <b>\$ 17,943,065</b>               | <b>100.00%</b>                  |

**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, 2011, \$223 of the Township's trust and agency funds bank balances of \$185,270 was exposed to custodial credit risk.

**Reconciliation to Financial Statements**

|  |                   |
|--|-------------------|
| Uninsured Amount, but with Pledged Collateral under Act 72 | \$ 223            |
| Plus: Insured Amount                                       | 185,047           |
| Carrying Amount – Bank Balances                            | 185,270           |
| Total Cash per Financial Statements                        | <b>\$ 185,270</b> |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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

**Investments**

As of December 31, 2011, the Township had the following investments:

| <u>Investment</u>  | <u>Fair Value</u>    |
|--|----------------------|
| <u>ICMA Retirement Corporation</u><br>Non-Uniformed Pension Fund | \$ 7,238,324         |
| <u>Fulton Financial Advisors</u><br>Police Pension Fund          | 5,436,679            |
| <u>Legacy Trust Company</u><br>Police Pension Fund               | 5,312,871            |
| <u>Morgan Stanley Smith Barney</u><br>Library Fund               | <u>192,432</u>       |
|  | <u>\$ 18,180,306</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 Township's investments with Morgan Stanley Smith Barney are held by Depository Trust Corporation (DTC).

**Credit Risk**

The Township does have an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2011, the Township's investments in ICMA Retirement Corporation, Fulton Financial Advisors and Legacy Trust Company were not rated by Standard & Poors.

**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<br/>Investments</u> | <u>Concentration<br/>Percentage</u> |
|------------------------------|--|-------------------------------------|
| ICMA Retirement Corp         | \$ 7,238,324                           | 39.42%                              |
| Fulton Financial Advisors    | 5,431,603                              | 29.58%                              |
| Legacy Trust Company         | 5,312,871                              | 28.94%                              |
| Morgan Stanley Smith Barney  | 192,432                                | 1.05%                               |
| Metro Bank                   | 185,047                                | 1.01%                               |
| Citizen's Bank               | <u>223</u>                             | <u>0.00%</u>                        |
|                              | <u>\$ 18,360,500</u>                   | <u>100.00%</u>                      |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 5 – RESTRICTED ASSETS – INVESTMENTS**

|  |                         |
|--|-------------------------|
| Capital Improvement Reserve - Sewer - Cash | \$ 145,666              |
| Capital Improvement Reserve - Sewer        | <u>7,818,867</u>        |
| <br>Total Restricted Assets                | <br><u>\$ 7,964,533</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 – PROPERTY TAXES AND SPECIAL ASSESSMENT TAX, TAXES RECEIVABLE, AND DEFERRED REVENUE**

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, 2011 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 and special assessment taxes levied for 2011 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           |

Springettsbury Township, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred. The balances at December 31, 2011 are as follows:

|                                   | Taxes<br><u>Receivable</u> | Tax<br>Revenue<br><u>Recognized</u> | Deferred<br>Taxes<br><u>          </u> |
|-----------------------------------|----------------------------|-------------------------------------|--|
| Real Estate                       | \$ 76,289                  | \$ 24,532                           | \$ 51,757                              |
| Special Assessment – Street Light | <u>2,220</u>               | <u>2,220</u>                        | <u>—</u>                               |
|                                   | <u>\$ 78,509</u>           | <u>\$ 26,752</u>                    | <u>\$ 51,757</u>                       |

The deferred revenue balance in the general fund financial statements of \$53,734 consists of deferred taxes of \$51,757 and summer concert grant of \$1,977.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 7 – CHANGES IN CAPITAL ASSETS**

A summary of capital assets of the Business-Type Activities as of December 31, 2011, is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increase</u>      | <u>Decrease</u>      | <u>Ending<br/>Balance</u> |
|---|------------------------------|----------------------|----------------------|---------------------------|
| Land and Right of Ways                                  | \$ 1,680,782                 | \$ 19,410            | \$ --                | \$ 1,700,192              |
| Collection Lines  | 23,470,358                   | 733,023              | --                   | 24,203,381                |
| Treatment Plant   | 31,158,054                   | 25,097,673           | 24,000               | 56,231,727                |
| Construction in Progress                                | 22,677,517                   | --                   | 22,677,517           | --                        |
| Machinery and Equipment                                 | <u>3,636,754</u>             | <u>181,392</u>       | <u>18,519</u>        | <u>3,799,627</u>          |
| <b>Total Capital Assets</b>                             | <u>82,623,465</u>            | <u>26,031,498</u>    | <u>22,720,036</u>    | <u>85,934,927</u>         |
| Less: Accumulated Depreciation                          |                              |                      |                      |                           |
| Collection Lines  | 9,386,379                    | 501,876              | --                   | 9,888,255                 |
| Treatment Plant   | 14,554,850                   | 2,120,721            | 24,000               | 16,651,571                |
| Machinery and Equipment                                 | <u>2,918,366</u>             | <u>153,121</u>       | <u>13,889</u>        | <u>3,057,598</u>          |
| <b>Total Accumulated Depreciation</b>                   | <u>26,859,595</u>            | <u>2,775,718</u>     | <u>37,889</u>        | <u>29,597,424</u>         |
| <b>Business-Type Activities Capital<br/>Assets, Net</b> | <u>\$ 55,763,870</u>         | <u>\$ 23,255,780</u> | <u>\$ 22,682,147</u> | <u>\$ 56,337,503</u>      |

A summary of capital assets of the Governmental Activities as of December 31, 2011 is as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increase</u>     | <u>Decrease</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-----------------|---------------------------|
| Land   | \$ 1,847,827                 | \$ 2,280,000        | \$ --           | \$ 4,127,827              |
| Buildings  | 7,063,457                    | --                  | --              | 7,063,457                 |
| Improvements (Other than Buildings)                    | 5,111,492                    | --                  | --              | 5,111,492                 |
| Machinery and Equipment                                | 2,125,353                    | 242,236             | 27,716          | 2,339,873                 |
| Infrastructure Assets                                  | <u>48,660,330</u>            | <u>1,662,224</u>    | <u>--</u>       | <u>50,322,554</u>         |
| <b>Total Capital Assets</b>                            | <u>64,808,459</u>            | <u>4,184,460</u>    | <u>27,716</u>   | <u>68,965,203</u>         |
| Less: Accumulated Depreciation                         |                              |                     |                 |                           |
| Buildings  | 2,301,220                    | 189,788             | --              | 2,491,008                 |
| Improvements (Other than Buildings)                    | 1,329,746                    | 189,404             | --              | 1,519,150                 |
| Machinery and Equipment                                | 1,385,862                    | 158,998             | 27,716          | 1,517,144                 |
| Infrastructure Assets                                  | <u>25,905,540</u>            | <u>1,439,769</u>    | <u>--</u>       | <u>27,345,309</u>         |
| <b>Total Accumulated Depreciation</b>                  | <u>30,922,368</u>            | <u>1,977,959</u>    | <u>27,716</u>   | <u>32,872,611</u>         |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <u>\$ 33,886,091</u>         | <u>\$ 2,206,501</u> | <u>\$ --</u>    | <u>\$ 36,092,592</u>      |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 7 – CHANGES IN CAPITAL ASSETS** (Continued)

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

|  |                     |
|--|---------------------|
| Governmental Activities:                             |                     |
| General Government                                   | \$ 85,962           |
| Public Safety  | 118,143             |
| Sanitation   | 28,684              |
| Highways and Streets                                 | 1,519,323           |
| Culture and Recreation                               | <u>225,847</u>      |
| Total Depreciation Expense – Governmental Activities | <u>\$ 1,977,959</u> |
| Business-Type Activities:                            |                     |
| Sewer  | <u>\$ 2,775,718</u> |

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

|                                 |                              |
|---------------------------------|------------------------------|
|                                 | <u>Governmental<br/>Fund</u> |
| Balance as of January 1, 2011   | \$ 1,196,000                 |
| Principal Retirements           | <u>(223,000)</u>             |
| Balance as of December 31, 2011 | <u>\$ 973,000</u>            |
|                                 | <u>Enterprise<br/>Fund</u>   |
| Balance as of January 1, 2011   | \$ 27,140,000                |
| Principal Retirements           | <u>(1,185,000)</u>           |
| Balance as of December 31, 2011 | <u>\$ 25,955,000</u>         |

**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, 2011 was \$973,000 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 balance outstanding at December 31, 2011 was \$17,415,000.

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 \$293,757 in 2011.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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

**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. The balance outstanding at December 31, 2011 was \$8,540,000.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2011, are as follows:

**Springettsbury Township Development Authority – Note B**

| Year Ended<br>December 31, | Capital Improvement Fund |                  |                    |
|----------------------------|--------------------------|------------------|--------------------|
|                            | Principal                | Interest         | Total              |
| 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>\$ 973,000</u>        | <u>\$ 83,239</u> | <u>\$1,056,239</u> |

**General Obligation Bonds 2010 – Series A and AA**

| Year Ended<br>December 31, | Enterprise Fund      |                     |                      |                     |                     |                      |
|----------------------------|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
|                            | Series 2010 A        |                     |                      | Series 2010 AA      |                     |                      |
|                            | Principal            | Interest            | Total                | Principal           | Interest            | Total                |
| 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                       | 810,000              | 767,156             | 1,577,156            | 460,000             | 251,550             | 711,550              |
| 2016                       | 830,000              | 738,077             | 1,568,077            | 470,000             | 242,350             | 712,350              |
| 2017-2021                  | 4,505,000            | 3,118,543           | 7,623,543            | 2,560,000           | 985,544             | 3,545,544            |
| 2022-2026                  | 5,285,000            | 1,932,063           | 7,217,063            | 3,045,000           | 504,187             | 3,549,187            |
| 2027-2029                  | 3,645,000            | 432,126             | 4,077,126            | 685,000             | 27,400              | 712,400              |
|                            | <u>\$ 17,415,000</u> | <u>\$ 9,422,698</u> | <u>\$ 26,837,698</u> | <u>\$ 8,540,000</u> | <u>\$ 2,818,881</u> | <u>\$ 11,358,881</u> |

**NOTE 9 – 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 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 officers is age 50 and having 25 years of service. The Township implemented a policy in 2005 to report a liability for those police officers that are within 5 years of retirement.

**SPRINGETTSBURY TOWNSHIP  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 9 – COMPENSATED ABSENCES (Continued)**

For the year ended December 31, 2011, compensated absences changed as follows:

|                                  |                 |
|----------------------------------|-----------------|
| Beginning of year                | \$ 20,543       |
| Decrease in Compensated Absences | <u>(11,368)</u> |
| End of Year                      | <u>\$ 9,175</u> |

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

**NOTE 10 – 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, 2011**

**NOTE 10 – 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 and 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, 2002 through December 31, 2011 were as follows:

| <u>Year</u> | <u>Annual<br/>Required<br/>Contribution</u> | <u>Contributions<br/>From<br/>Employer <sup>(1)</sup></u> | <u>Percentage<br/>Contributed</u> |
|-------------|---|---|-----------------------------------|
| 2002        | 77,160                                      | 78,901  | 100.0%                            |
| 2003        | 181,971                                     | 181,971   | 100.0%                            |
| 2004        | 221,228                                     | 222,000   | 100.0%                            |
| 2005        | 432,744                                     | 442,580   | 100.0%                            |
| 2006        | 398,808                                     | 406,308   | 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%                            |
| 2011        | 696,041                                     | 696,041   | 100.0%                            |

<sup>(1)</sup> Includes general municipal pension system state aid.

**Actuarial Valuation**

An actuarial study as of January 1, 2011 was completed by Conrad M. Siegel, Inc. on September 15, 2011. 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, 2011; (1) a 7.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 50; (3) life expectancies based on RP2000 Table; (4) disability based on SOA 1987 table with a six month elimination for males; (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, and completion of 25 years of service, or age on valuation date, if greater; (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, (11) cost of living increases – 4%/year effective after 5 years with a maximum increase of 30%, and (12) level dollar closed amortization method for the unfunded actuarial accrued liability with a remaining amortization period of 11 years.

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  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 10 – PENSION PLANS (Continued)**

**POLICE PENSION PLAN (Continued)**

**Actuarial Valuation (Continued)**

Historical trend information required to be disclosed, beginning as of January 1, 2002 is as follows:

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value<br/>of Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Overfunded/<br/>(Underfunded)<br/>AAL</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>Unfunded<br/>Actuarial Liability/<br/>Funding Excess<br/>(Deficit) as a<br/>Percentage<br/>of Payroll</u> |
|---|--|--|--|-------------------------|----------------------------|--|
| 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                                |  |  |                         |                            |  |
| 1/1/2011                                | 10,385,336                               | 12,474,307   | (2,088,971)                                  | 83.3%                   | 2,585,412                  | (80.8%)  |

**PAID FIREMEN'S PENSION PLANS**

The Paid Firemen's Plan, a single employer defined contribution plan, was established in 1978 by Township Ordinance 78-07. 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 Paid Firemen's Plan was transferred to York Area United Fire and Rescue effective January 1, 2011.

**NON-UNIFORMED PENSION PLAN**

The Non-uniformed Plan, a single employer defined contribution plan, was established in 1985 by Township Resolution 85-09. The Township has delegated the authority to manage certain plan assets to International City Management Association (ICMA). The Plan is to be funded through state and employer contributions and employee wage deductions.

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, 2011, the Township contributed \$284,251 to the Non-Uniformed Pension Plan.

**NOTE 11 – 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.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description**

The Township has implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits provided by the Township.

The Township's post-employment healthcare plan is a single-employer defined benefit healthcare plan. 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. 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. The Township transferred its OPEB plan for current firefighters to the York Area United Fire and Rescue (YAUFR) effective January 1, 2011. The Township maintains an OPEB plan for all former firefighters that retired prior to the formation of YAUFR.

**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 Methods and Assumptions**

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. The unfunded actuarial accrued liability (UAAL) is being amortized on the level dollar, 30-year open period.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

**PAID FIREMEN**

The retiree will be entitled to receive all medical, hospital, dental, and prescription insurance provided the retiree pays YAUFRR an amount equal to one half the cost of any insurance premiums paid by YAUFRR on his behalf. The coverage is for the retiree, spouse, and eligible dependents. Vision insurance shall cease at retirement. The hospitalization coverage shall cease when the retiree becomes eligible for coverage under Medicare and/or Medicaid, or the retiree obtains his own coverage. Hospitalization coverage for spouse will cease when the spouse becomes eligible for coverage under Medicare and/or Medicaid, or remarries.

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 Commission 50% of the cost of any insurance premiums. Spouse coverage shall cease upon remarriage, or once the spouse becomes eligible for Medicare.

**Actuarial Methods and Assumptions**

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. The unfunded actuarial accrued liability (UAAL) is being amortized on the level dollar, 30-year open period.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's OPEB cost for the year, the estimated amount contributed to the plan and changes in the Township's net OPEB obligation to the plan.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

|   | <u>2011</u>         | <u>2010</u>       | <u>2009</u>       |
|---|---------------------|-------------------|-------------------|
| <b><u>POLICE OFFICERS</u></b>           |                     |                   |                   |
| Annual Required Contribution (ARC)      | \$ 373,078          | \$ 373,078        | \$ 373,078        |
| Interest on Net OPEB Obligation         | 28,511              | 15,912            | 3,533             |
| Adjustment to ARC                       | <u>(38,896)</u>     | <u>(21,708)</u>   | <u>(4,820)</u>    |
| Annual OPEB Cost (Expense)              | 362,693             | 367,282           | 371,791           |
| Contributions Made (Estimated)          | <u>(96,682)</u>     | <u>(87,307)</u>   | <u>(96,712)</u>   |
| Increase in Net OPEB Obligation         | 266,011             | 279,975           | 275,079           |
| Net OPEB Obligation – Beginning of Year | <u>751,857</u>      | <u>471,882</u>    | <u>196,803</u>    |
| Net OPEB Obligation – End of Year       | <u>\$ 1,017,868</u> | <u>\$ 751,857</u> | <u>\$ 471,882</u> |
| <br>                                    |                     |                   |                   |
|   | <u>2011</u>         | <u>2010</u>       | <u>2009</u>       |
| <b><u>PAID FIREMEN</u></b>              |                     |                   |                   |
| Annual Required Contribution (ARC)      | \$ 74,578           | \$ 135,596        | \$ 135,596        |
| Interest on Net OPEB Obligation         | 5,587               | 5,655             | 967               |
| Adjustment to ARC                       | <u>(7,622)</u>      | <u>(7,715)</u>    | <u>(1,319)</u>    |
| Annual OPEB Cost (Expense)              | 72,543              | 133,536           | 135,244           |
| Contributions Made (Estimated)          | <u>(19,737)</u>     | <u>(33,461)</u>   | <u>(31,058)</u>   |
| Increase in Net OPEB Obligation         | 52,806              | 100,075           | 104,186           |
| Net OPEB Obligation – Beginning of Year | 258,110             | 158,035           | 53,849            |
| Less: Transfer Balance to YAUFRR        | <u>(116,150)</u>    | <u>--</u>         | <u>--</u>         |
| Net OPEB Obligation – End of Year       | <u>\$ 194,766</u>   | <u>\$ 258,110</u> | <u>\$ 158,035</u> |

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

**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 Liability Entry Age</u> | <u>Unfunded Actuarial Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Payroll</u> |
|---------------------------------|----------------------------------|--------------------------------------|--|---------------------|------------------------|--|
| <b><u>POLICE</u></b>            |                                  |                                      |  |                     |                        |  |
| 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%                                |
| <br>                            |                                  |                                      |  |                     |                        |  |
| <b><u>PAID FIREMEN</u></b>      |                                  |                                      |  |                     |                        |  |
| 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%                                |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

**Funded Status and Funding Progress (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 13 – DUE TO/FROM OTHER FUNDS AND TRANSFERS**

**Transfers**

The General Fund transferred \$250,000 to the Capital Projects Fund for capital project expenditures. The Waste Reduction Reserve Fund transferred \$100,000 to the General Fund to assist with administration costs.

The interfund receivables and payables balances at December 31, 2011 are as follows:

| <u>Fund</u>           | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| General Fund          | \$ 179,038                      | \$ 1,000                      |
| Enterprise Fund       | 750,000                         | 179,038                       |
| Capital Projects Fund | --                              | 750,000                       |
| Grant Fund            | <u>1,000</u>                    | <u>--</u>                     |
|                       | <u>\$ 930,038</u>               | <u>\$ 930,038</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. Grant revenue of \$1,000 was owed to the grant fund from general fund. The capital projects fund owed sewer fund for the acquisition of property.

**NOTE 14 – 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.

**NOTE 15 – 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.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 15 – COMMITMENT** (Continued)

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

|           | <u>4.8 MGD<br/>Capacity</u> | <u>Lease<br/>Rental<br/>Plant</u> | <u>Total</u>        |
|-----------|-----------------------------|-----------------------------------|---------------------|
| 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      | 230,000                     | 601,000                           | 831,000             |
| 2017-2021 | 1,150,000                   | 1,430,000                         | 2,580,000           |
| 2022-2024 | <u>90,000</u>               | <u>--</u>                         | <u>90,000</u>       |
|           | <u>\$ 2,390,000</u>         | <u>\$ 4,435,000</u>               | <u>\$ 6,825,000</u> |

**NOTE 16 – 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, 2011, no settlements exceeded insurance coverage.

**NOTE 17 – SELF INSURANCE**

**Health Insurance**

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by NCAS. During the year ended December 31, 2011, 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 2011 claims to \$50,000 individually and \$1,152,164 in the aggregate for claims for 2011.

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, 2011.

As of December 31, 2011, 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, 2011, the Township is not aware of any additional assessments relating to the Trust.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 18 – CONSTRUCTION COMMITMENTS**

As of December 31, 2011, the Township is involved in capital projects. The Township had the following commitment as of December 31, 2011:

| <u>Project</u>              | <u>Contract<br/>Amounts</u> | <u>Amount<br/>Paid-to-Date</u> | <u>Commitments<br/>Outstanding</u> |
|-----------------------------|-----------------------------|--------------------------------|------------------------------------|
| Meadowlands Interceptor     | \$ 626,852                  | \$ --                          | \$ 626,852                         |
| Marlow Drive Sanitary Sewer | \$ 194,000                  | \$ 67,398                      | \$ 126,602                         |

**NOTE 19 – RESTRICTED NET ASSETS**

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.

**NOTE 20 – FUND BALANCE**

**Restricted Fund Balance**

The Township's restricted fund balances are amounts restricted by outside parties. As of December 31, 2011, the Township's restricted fund balance was \$278,911; all of which was restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes.

**Committed Fund Balance Policy**

The Township's committed fund balance are amounts required to be reported by the Board of Supervisors, either because of Township Policy or because of motions that passed at Board of Supervisor meetings.

As of December 31, 2011, the Township's committed fund balance was \$205,908; all of which was committed for fire expenditures.

**Assigned Fund Balance Policy**

The Township's assigned fund balances are amounts the Township intends to use for a specific purpose as expressed by Township Manager.

As of December 31, 2011, the Township's assigned fund balance was \$1,678,397, which consisted of the following:

|                                       |                            |
|---------------------------------------|----------------------------|
| Other Post Employment Benefits (OPEB) | \$ 100,000                 |
| 2012 Use of Fund Balance              | 1,331,950                  |
| Future Capital Projects               | 100,810                    |
| Street Lights                         | 43,069                     |
| Waste Disposal                        | 54,653                     |
| Parks and Recreation Projects         | <u>47,915</u>              |
|                                       | <b><u>\$ 1,678,397</u></b> |

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 20 – FUND BALANCE (Continued)**

**Order of Fund Balance Spending Policy**

The Township's policy is to first apply restricted fund balance, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

**Minimum Fund Balance**

The Township has adopted a formal minimum fund balance policy. The Township will strive to maintain an unassigned general fund balance of not less than twelve percent (12%) of the budgeted expenditures for the year.

If the unassigned portion of the fund balance falls below the threshold of twelve percent (12%) of the budgeted expenditures, the Board will pursue options of increasing revenue and decreasing expenditures, or a combination of both until the twelve percent is attained.

**Deficit Fund Balance**

The Township has a deficit unassigned fund balance in the capital projects fund. The deficit is to be funded from future transfers from the general fund.

**NOTE 21 – CAPITAL CONTRIBUTIONS**

**Governmental Activities**

The Township received contributed capital assets of \$3,192,224, which consisted of the following:

|  |                     |
|--|---------------------|
| Orchard Hills Subdivision – Infrastructure | \$ 1,662,224        |
| Locust Grove Road – Land                   | 1,350,000           |
| Orchard Hills Subdivision – Land           | <u>180,000</u>      |
|  | <u>\$ 3,192,224</u> |

**Business-Type Activities**

The Township received contributed sanitary sewer lines in the amount of \$487,586, which consisted of the following:

|                           |                   |
|---------------------------|-------------------|
| Orchard Hills Subdivision | \$ 387,126        |
| Innovation Drive          | <u>100,460</u>    |
|                           | <u>\$ 487,586</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OF**  
**SPRINGETTSBURY TOWNSHIP**  
**YORK, PENNSYLVANIA**  
**DECEMBER 31, 2011**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>  |                            |                         |                     |   |
| Real Estate Taxes and Penalties                              | \$ 1,720,000               | \$ 1,720,000            | \$ 1,772,971        | \$ 52,971                                       |
| Other Taxes  | 6,250,000                  | 6,250,000               | 7,703,702           | 1,453,702                                       |
| Licenses and Permits   | 355,000                    | 355,000                 | 367,252             | 12,252  |
| Fines and Forfeits   | 313,000                    | 313,000                 | 270,702             | (42,298)  |
| Interest, Rents, and Royalties                               | 40,000                     | 40,000                  | 19,389              | (20,611)  |
| Intergovernmental Revenues                                   | 803,500                    | 803,500                 | 1,148,555           | 345,055   |
| Charges for Services   | 1,549,500                  | 1,549,500               | 1,589,090           | 39,590  |
| Miscellaneous  | 1,000                      | 1,000                   | 6,201               | 5,201   |
| Reimbursements   | 450,000                    | 450,000                 | 517,729             | 67,729  |
| <b>TOTAL REVENUES</b>  | <u>11,482,000</u>          | <u>11,482,000</u>       | <u>13,395,591</u>   | <u>1,913,591</u>                                |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| General Government   | 1,255,600                  | 1,255,600               | 1,208,890           | 46,710  |
| Public Safety  | 6,172,400                  | 6,286,500               | 6,272,709           | 13,791  |
| Highways and Streets   | 1,065,500                  | 1,084,900               | 1,023,045           | 61,855  |
| Culture and Recreation                                       | 676,000                    | 688,000                 | 675,133             | 12,867  |
| Employee Benefits, Insurance and Other                       | 3,543,500                  | 3,389,500               | 3,349,938           | 39,562  |
| <b>TOTAL EXPENDITURES</b>                                    | <u>12,713,000</u>          | <u>12,704,500</u>       | <u>12,529,715</u>   | <u>174,785</u>                                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(1,231,000)</u>         | <u>(1,222,500)</u>      | <u>865,876</u>      | <u>2,088,376</u>                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                         |                     |   |
| Sale of General Fixed Assets                                 | 5,000                      | 5,000                   | --                  | (5,000)   |
| Transfers In   | 100,000                    | 100,000                 | 100,000             | --  |
| Transfers Out  | (250,000)                  | (250,000)               | (250,000)           | --  |
| Refund of Prior Year Expenditures                            | 500                        | 500                     | 68,316              | 67,816  |
| Refund of Prior Year Revenues                                | --                         | (8,500)                 | (8,380)             | 120   |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>              | <u>(144,500)</u>           | <u>(153,000)</u>        | <u>(90,064)</u>     | <u>62,936</u>                                   |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (1,375,500)                | (1,375,500)             | 775,812             | 2,151,312                                       |
| <b>FUND BALANCES – JANUARY 1, 2011</b>                       | <u>2,759,827</u>           | <u>2,759,827</u>        | <u>2,759,827</u>    | <u>--</u>                                       |
| <b>FUND BALANCES – DECEMBER 31, 2011</b>                     | <u>\$ 1,384,327</u>        | <u>\$ 1,384,327</u>     | <u>\$ 3,535,639</u> | <u>\$ 2,151,312</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 PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2011**

|  | <b>Capital<br/>Improvement Fund</b>   |                     | <b>Storm Water<br/>Reserve Fund</b>   |                   |
|--|---------------------------------------|---------------------|---------------------------------------|-------------------|
|  | <b>Original/<br/>Final<br/>Budget</b> | <b>Actual</b>       | <b>Original/<br/>Final<br/>Budget</b> | <b>Actual</b>     |
| <b>REVENUES</b>  |                                       |                     |                                       |                   |
| Interest, Rents and Royalties                                | \$ 1,000                              | \$ 490              | \$ 500                                | \$ 112            |
| Intergovernmental Revenue                                    | 10,000                                | 10,000              | --                                    | --                |
| Contributions from Private Sources                           | --                                    | 8,624               | --                                    | 980               |
|  | <u>11,000</u>                         | <u>19,114</u>       | <u>500</u>                            | <u>1,092</u>      |
| <b>TOTAL REVENUES</b>  |                                       |                     |                                       |                   |
| <b>EXPENDITURES</b>  |                                       |                     |                                       |                   |
| General Government   | 750,000                               | 750,000             | --                                    | --                |
| Highways and Streets   | 70,000                                | 55,061              | --                                    | --                |
| Other Public Works   | --                                    | --                  | 500                                   | --                |
| Culture and Recreation                                       | 25,000                                | 24,322              | --                                    | --                |
| Debt Service   | 264,000                               | 265,674             | --                                    | --                |
|  | <u>1,109,000</u>                      | <u>1,095,057</u>    | <u>500</u>                            | <u>--</u>         |
| <b>TOTAL EXPENDITURES</b>                                    |                                       |                     |                                       |                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(1,098,000)</u>                    | <u>(1,075,943)</u>  | <u>--</u>                             | <u>1,092</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                       |                     |                                       |                   |
| Transfer In  | 1,000,000                             | 455,613             | --                                    | --                |
| Refund of Prior Year Revenues                                | --                                    | (8,117)             | --                                    | --                |
|  | <u>1,000,000</u>                      | <u>447,496</u>      | <u>--</u>                             | <u>--</u>         |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>              |                                       |                     |                                       |                   |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (98,000)                              | (628,447)           | --                                    | 1,092             |
| <b>FUND BALANCES – JANUARY 1, 2011 (Restated)</b>            | <u>155,264</u>                        | <u>155,264</u>      | <u>99,718</u>                         | <u>99,718</u>     |
| <b>FUND BALANCES – DECEMBER 31, 2011</b>                     | <u>\$ 57,264</u>                      | <u>\$ (473,183)</u> | <u>\$ 99,718</u>                      | <u>\$ 100,810</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 – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011**

|  | State<br>Liquid Fuels Fund   |                   | Petitioned Street<br>Lighting Fund |                  | Waste Reduction<br>Reserve Fund |                  | Subdivision<br>Recreation Fund |                  |
|--|------------------------------|-------------------|------------------------------------|------------------|---------------------------------|------------------|--------------------------------|------------------|
|  | Original/<br>Final<br>Budget | Actual            | Original/<br>Final<br>Budget       | Actual           | Original/<br>Final<br>Budget    | Actual           | Original/<br>Final<br>Budget   | Actual           |
| <b>REVENUES</b>  |                              |                   |                                    |                  |                                 |                  |                                |                  |
| Other Taxes  | \$ --                        | \$ --             | \$ 81,500                          | \$ 84,600        | \$ --                           | \$ --            | \$ --                          | \$ --            |
| Interest, Rents and Royalties                            | 2,000                        | 748               | 500                                | 49               | 500                             | 72               | 500                            | 55               |
| Intergovernmental Revenue                                | 513,500                      | 525,561           | --                                 | --               | 20,000                          | --               | --                             | --               |
| Charges for Services                                     | --                           | --                | --                                 | --               | 88,000                          | 107,811          | --                             | --               |
| Contributions from Private Sources                       | --                           | --                | --                                 | --               | --                              | --               | --                             | 4,127            |
| <b>TOTAL REVENUES</b>                                    | <u>515,500</u>               | <u>526,309</u>    | <u>82,000</u>                      | <u>84,649</u>    | <u>108,500</u>                  | <u>107,883</u>   | <u>500</u>                     | <u>4,182</u>     |
| <b>EXPENDITURES</b>                                      |                              |                   |                                    |                  |                                 |                  |                                |                  |
| Highways and Streets                                     | 886,000                      | 721,061           | 82,000                             | 60,707           | --                              | --               | --                             | --               |
| Sanitation   | --                           | --                | --                                 | --               | 8,000                           | 7,694            | --                             | --               |
| Culture and Recreation                                   | --                           | --                | --                                 | --               | --                              | --               | 3,000                          | 6,864            |
| <b>TOTAL EXPENDITURES</b>                                | <u>886,000</u>               | <u>721,061</u>    | <u>82,000</u>                      | <u>60,707</u>    | <u>8,000</u>                    | <u>7,694</u>     | <u>3,000</u>                   | <u>6,864</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <u>(370,500)</u>             | <u>(194,752)</u>  | --                                 | <u>23,942</u>    | <u>100,500</u>                  | <u>100,189</u>   | <u>(2,500)</u>                 | <u>(2,682)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                              |                   |                                    |                  |                                 |                  |                                |                  |
| Refund of Prior Year Expenditures                        | --                           | 338               | --                                 | --               | --                              | --               | --                             | --               |
| Transfer Out   | --                           | --                | --                                 | --               | (100,500)                       | (100,000)        | --                             | --               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | --                           | <u>338</u>        | --                                 | --               | <u>(100,500)</u>                | <u>(100,000)</u> | --                             | --               |
| <b>NET CHANGE IN FUND BALANCE</b>                        | <u>(370,500)</u>             | <u>(194,414)</u>  | --                                 | <u>23,942</u>    | --                              | <u>189</u>       | <u>(2,500)</u>                 | <u>(2,682)</u>   |
| <b>FUND BALANCES – JANUARY 1, 2011 (Restated)</b>        | <u>473,325</u>               | <u>473,325</u>    | <u>19,127</u>                      | <u>19,127</u>    | <u>54,464</u>                   | <u>54,464</u>    | <u>50,597</u>                  | <u>50,597</u>    |
| <b>FUND BALANCES – DECEMBER 31, 2011</b>                 | <u>\$ 102,825</u>            | <u>\$ 278,911</u> | <u>\$ 19,127</u>                   | <u>\$ 43,069</u> | <u>\$ 54,464</u>                | <u>\$ 54,653</u> | <u>\$ 48,097</u>               | <u>\$ 47,915</u> |

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

**SUPPLEMENTARY INFORMATION**

**OF**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2011**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND  
DECEMBER 31, 2011**

|  | <u>Capital<br/>Improvement<br/>Fund</u> | <u>Storm<br/>Water<br/>Reserve<br/>Fund</u> | <u>Fire<br/>Company<br/>Fund</u> | <u>Total</u>         |
|--|---|---|----------------------------------|----------------------|
| <b>ASSETS</b>                              |   |   |                                  |                      |
| Cash and Cash Equivalents                  | \$ 276,817                              | \$ 99,830                                   | \$ --                            | \$ 376,647           |
| Accounts Receivable                        | <u>          --</u>                     | <u>          980</u>                        | <u>          --</u>              | <u>          980</u> |
| <b>TOTAL ASSETS</b>                        | <u>\$ 276,817</u>                       | <u>\$ 100,810</u>                           | <u>\$ --</u>                     | <u>\$ 377,627</u>    |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |   |   |                                  |                      |
| <b>LIABILITIES</b>                         |   |   |                                  |                      |
| Due to Other Funds                         | <u>\$ 750,000</u>                       | <u>\$ --</u>                                | <u>\$ --</u>                     | <u>\$ 750,000</u>    |
| <b>TOTAL LIABILITIES</b>                   | <u>750,000</u>                          | <u>--</u>                                   | <u>--</u>                        | <u>750,000</u>       |
| <br><b>FUND BALANCES</b>                   |   |   |                                  |                      |
| Committed                                  | 205,908                                 | --  | --                               | 205,908              |
| Assigned                                   | --                                      | 100,810                                     | --                               | 100,810              |
| Unassigned                                 | <u>(679,091)</u>                        | <u>          --</u>                         | <u>          --</u>              | <u>(679,091)</u>     |
| <b>TOTAL FUND BALANCES</b>                 | <u>(473,183)</u>                        | <u>100,810</u>                              | <u>--</u>                        | <u>(372,373)</u>     |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 276,817</u>                       | <u>\$ 100,810</u>                           | <u>\$ --</u>                     | <u>\$ 377,627</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 – CAPITAL PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2011**

|  | <u>Capital<br/>Improvement<br/>Fund</u> | <u>Storm<br/>Water<br/>Reserve<br/>Fund</u> | <u>Fire<br/>Company<br/>Fund</u> | <u>Total</u>        |
|--|---|---|----------------------------------|---------------------|
| <b>REVENUES</b>  |   |   |                                  |                     |
| Interest, Rents and Royalties                                | \$ 490                                  | \$ 112                                      | \$ --                            | \$ 602              |
| Intergovernmental Revenue                                    | 10,000                                  | --  | --                               | 10,000              |
| Contributions from Private Sources                           | <u>8,624</u>                            | <u>980</u>                                  | <u>--</u>                        | <u>9,604</u>        |
| <b>TOTAL REVENUES</b>  | <u>19,114</u>                           | <u>1,092</u>                                | <u>--</u>                        | <u>20,206</u>       |
| <b>EXPENDITURES</b>  |   |   |                                  |                     |
| General Government   | 750,000                                 | --  | --                               | 750,000             |
| Highways and Streets   | 55,061                                  | --  | --                               | 55,061              |
| Culture and Recreation                                       | 24,322                                  | --  | --                               | 24,322              |
| Debt Service   | <u>265,674</u>                          | <u>--</u>                                   | <u>--</u>                        | <u>265,674</u>      |
| <b>TOTAL EXPENDITURES</b>                                    | <u>1,095,057</u>                        | <u>--</u>                                   | <u>--</u>                        | <u>1,095,057</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(1,075,943)</u>                      | <u>1,092</u>                                | <u>--</u>                        | <u>(1,074,851)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |   |   |                                  |                     |
| Transfer In  | 455,613                                 | --  | --                               | 455,613             |
| Transfer Out   | --                                      | --  | (205,613)                        | (205,613)           |
| Refund of Prior Year Revenues                                | <u>(8,117)</u>                          | <u>--</u>                                   | <u>--</u>                        | <u>(8,117)</u>      |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <u>447,496</u>                          | <u>--</u>                                   | <u>(205,613)</u>                 | <u>241,883</u>      |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (628,447)                               | 1,092                                       | (205,613)                        | (832,968)           |
| <b>FUND BALANCES – JANUARY 1, 2011 (Restated)</b>            | <u>155,264</u>                          | <u>99,718</u>                               | <u>205,613</u>                   | <u>460,595</u>      |
| <b>FUND BALANCES – DECEMBER 31, 2011</b>                     | <u>\$ (473,183)</u>                     | <u>\$ 100,810</u>                           | <u>\$ --</u>                     | <u>\$ (372,373)</u> |

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

|  | <u>State<br/>Liquid<br/>Fuels<br/>Fund</u> | <u>Petitioned<br/>Street<br/>Lighting<br/>Fund</u> | <u>Waste<br/>Reduction<br/>Reserve<br/>Fund</u> | <u>Subdivision<br/>Recreation<br/>Fund</u> | <u>Grant<br/>Fund</u> | <u>Total</u>      |
|--|--|--|---|--|-----------------------|-------------------|
| <b>ASSETS</b>                                  |  |  |   |  |                       |                   |
| Cash and Cash Equivalents                      | \$ 278,911                                 | \$ 46,965  | \$ 44,513                                       | \$ 47,915                                  | \$ --                 | \$ 418,304        |
| Taxes Receivable – Net                         | --   | 2,220  | --  | --   | --                    | 2,220             |
| Accounts Receivable                            | --   | --   | 10,140  | --   | --                    | 10,140            |
| Due from Other Funds                           | --   | --   | --  | --   | 1,000                 | 1,000             |
| <b>TOTAL ASSETS</b>                            | <u>\$ 278,911</u>                          | <u>\$ 49,185</u>                                   | <u>\$ 54,653</u>                                | <u>\$ 47,915</u>                           | <u>\$ 1,000</u>       | <u>\$ 431,664</u> |
| <b>LIABILITIES AND FUND BALANCES</b>           |  |  |   |  |                       |                   |
| <b>LIABILITIES</b>                             |  |  |   |  |                       |                   |
| Accounts Payable                               | \$ --                                      | \$ 6,116   | \$ --   | \$ --                                      | \$ 1,000              | \$ 7,116          |
| <b>TOTAL LIABILITIES</b>                       | <u>--</u>                                  | <u>6,116</u>                                       | <u>--</u>                                       | <u>--</u>                                  | <u>1,000</u>          | <u>7,116</u>      |
| <b>FUND BALANCES</b>                           |  |  |   |  |                       |                   |
| Restricted                                     | 278,911                                    | --   | --  | --   | --                    | 278,911           |
| Assigned                                       | --   | 43,069   | 54,653  | 47,915                                     | --                    | 145,637           |
| <b>TOTAL FUND BALANCES</b>                     | <u>278,911</u>                             | <u>43,069</u>                                      | <u>54,653</u>                                   | <u>47,915</u>                              | <u>--</u>             | <u>424,548</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 278,911</u>                          | <u>\$ 49,185</u>                                   | <u>\$ 54,653</u>                                | <u>\$ 47,915</u>                           | <u>\$ 1,000</u>       | <u>\$ 431,664</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 –  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011**

|  | <b>State<br/>Liquid<br/>Fuels<br/>Fund</b> | <b>Petitioned<br/>Street<br/>Lighting<br/>Fund</b> | <b>Waste<br/>Reduction<br/>Reserve<br/>Fund</b> | <b>Subdivision<br/>Recreation<br/>Fund</b> | <b>Grant<br/>Fund</b> | <b>Total</b>      |
|--|--|--|---|--|-----------------------|-------------------|
| <b>REVENUES</b>  |  |  |   |  |                       |                   |
| Other Taxes  | \$ --                                      | \$ 84,600  | \$ --   | \$ --                                      | \$ --                 | \$ 84,600         |
| Interest, Rents and Royalties                                | 748  | 49   | 72  | 55   | --                    | 924               |
| Intergovernmental Revenue                                    | 525,561                                    | --   | --  | --   | 51,430                | 576,991           |
| Charges for Services   | --   | --   | 107,811   | --   | --                    | 107,811           |
| Contributions from Private Sources                           | --   | --   | --  | 4,127                                      | --                    | 4,127             |
| <b>TOTAL REVENUES</b>  | <b>\$ 526,309</b>                          | <b>\$ 84,649</b>                                   | <b>\$ 107,883</b>                               | <b>\$ 4,182</b>                            | <b>\$ 51,430</b>      | <b>\$ 774,453</b> |
| <b>EXPENDITURES</b>  |  |  |   |  |                       |                   |
| General Government   | \$ --                                      | \$ --  | \$ --   | \$ --                                      | \$ 40,175             | \$ 40,175         |
| Public Safety  | --   | --   | --  | --   | 4,572                 | 4,572             |
| Highways and Streets   | 721,061                                    | 60,707   | --  | --   | --                    | 781,768           |
| Sanitation   | --   | --   | 7,694   | --   | --                    | 7,694             |
| Culture and Recreation                                       | --   | --   | --  | 6,864                                      | 6,683                 | 13,547            |
| <b>TOTAL EXPENDITURES</b>                                    | <b>721,061</b>                             | <b>60,707</b>                                      | <b>7,694</b>                                    | <b>6,864</b>                               | <b>51,430</b>         | <b>847,756</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>(194,752)</b>                           | <b>23,942</b>                                      | <b>100,189</b>                                  | <b>(2,682)</b>                             | <b>--</b>             | <b>(73,303)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |  |  |   |  |                       |                   |
| Refund of Prior Year Expenditures                            | 338  | --   | --  | --   | --                    | 338               |
| Transfer Out   | --   | --   | (100,000)                                       | --   | --                    | (100,000)         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>338</b>                                 | <b>--</b>  | <b>(100,000)</b>                                | <b>--</b>                                  | <b>--</b>             | <b>(99,662)</b>   |
| <b>NET CHANGE IN FUND<br/>BALANCES</b>                       | <b>(194,414)</b>                           | <b>23,942</b>                                      | <b>189</b>                                      | <b>(2,682)</b>                             | <b>--</b>             | <b>(172,965)</b>  |
| <b>FUND BALANCES – JANUARY 1, 2011<br/>(Restated)</b>        | <b>473,325</b>                             | <b>19,127</b>                                      | <b>54,464</b>                                   | <b>50,597</b>                              | <b>--</b>             | <b>597,513</b>    |
| <b>FUND BALANCES –<br/>DECEMBER 31, 2011</b>                 | <b>\$ 278,911</b>                          | <b>\$ 43,069</b>                                   | <b>\$ 54,653</b>                                | <b>\$ 47,915</b>                           | <b>\$ --</b>          | <b>\$ 424,548</b> |

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