

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

DECEMBER 31, 2013

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**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Springettsbury Township
York, Pennsylvania

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a through j, the budgetary comparison schedules on pages 38 through 40, the schedules of funding progress and employer contributions – police pension plan on page 41, and the schedule of funding progress – OPEB on page 42 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining capital projects fund and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining capital projects fund and nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
May 21, 2014

**SPRINGETTSBURY TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2013**

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, 2013. In addition, referenced tables also have been prepared to provide 2012 and 2013 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 \$101,824,773. Of this amount \$64,173,434 represents the Township's business-type activities (sewer utility) and \$37,651,339 general governmental activities. These figures are specifically shown on page three of the financial statements. The costs of all Township programs totaled \$26,625,302 (page 5).

The Township's governmental capital assets increased by \$1,902,031 in 2013. Of this amount \$233,307 was for the purchase of land and \$1,591,785 was the construction progress for the new fire station. Please reference page 27.

The Township's Sewer Utility also had improvements to capital plant assets of \$1,359,998 (page 27).

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 Position and Statement of Activities (pages 3-5) provide information about the activities of the Township as a whole. Fund financial statements beginning on page 6 show how services have been financed. Fund financial statements also report the Township's operations in more detail by providing information about the Township's most significant funds.

One of the most important questions asked about the Township's finances can be stated as, "Is the Township as a whole better off or worse off as a result of the year ending results?" The Statement of Net Position 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 position and changes in them. One can think of the Township's net position – 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 position 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 Position 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 (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 Position 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, and other Non-Uniformed Pension funds; as well as a Private Purpose Trust Library Fund and the Schenck (Recreation) Trust as well as an Agency (Escrow) Fund. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position 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 2013, a comprehensive analysis of Government-wide financial information is being presented to compare 2012 and 2013 audit years.

Government-Wide Statements

Statement of Net Position

The following table reflects the condensed Statement of Net Position.

	Statement of Net Position December 31							
	2012				2013			
	Governmental Activities	Business-Type Activities	Total Government	Primary	Governmental Activities	Business-Type Activities	Total Government	Primary
Current and Other Assets	\$ 4,470,265	\$ 13,426,490	\$ 17,896,755		\$ 3,157,240	\$ 11,546,997	\$ 14,704,237	
Capital Assets	34,543,555	54,166,689	88,710,244		34,494,099	52,626,437	87,120,536	
Total Assets	39,013,820	67,593,179	106,606,999		37,651,339	64,173,434	101,824,773	
Current Term Liabilities	1,480,337	880,714	2,361,051		1,674,455	955,913	2,630,368	
Other (Non-Current)	2,083,630	23,386,422	25,470,052		2,489,910	22,157,003	24,646,913	
Total Liabilities	3,563,967	24,267,136	27,831,103		4,164,365	23,112,916	27,277,281	
Invested in Capital Assets	33,701,555	29,700,356	63,401,911		33,064,394	29,229,434	62,293,828	
Restricted	590,558	7,697,403	8,287,961		237,348	4,354,644	4,591,992	
Unrestricted	1,157,740	5,928,284	7,086,024		185,232	7,476,440	7,661,672	
Total Net Position	35,449,853	43,326,043	78,775,896		33,486,974	41,060,518	74,547,492	
Total Liabilities and Net Position	\$ 39,013,820	\$ 67,593,179	\$ 106,606,999		\$ 37,651,339	\$ 64,173,434	\$ 101,824,773	

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

The Township's combined net position for 2013 amounted to \$74,547,492. The net position for Business-type activities (sewer utility operations) amounted to \$41,060,518. The Township's unrestricted net position for governmental activities stood at \$185,232.

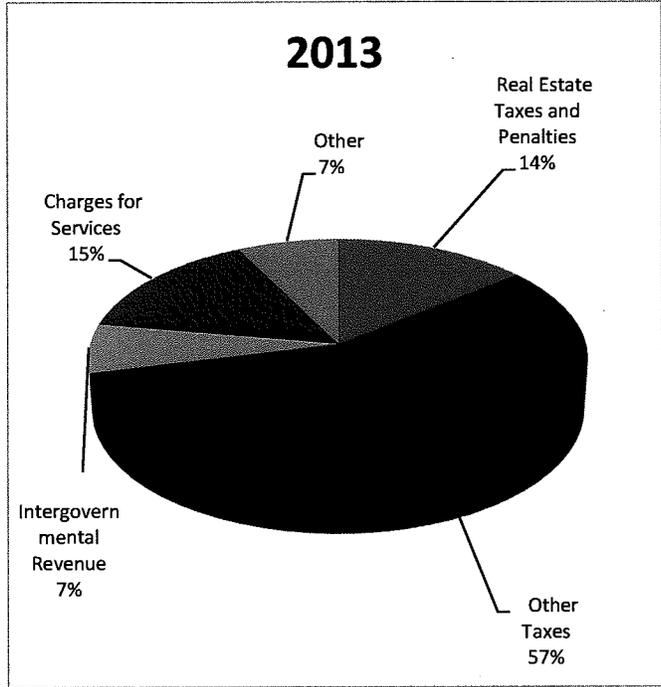
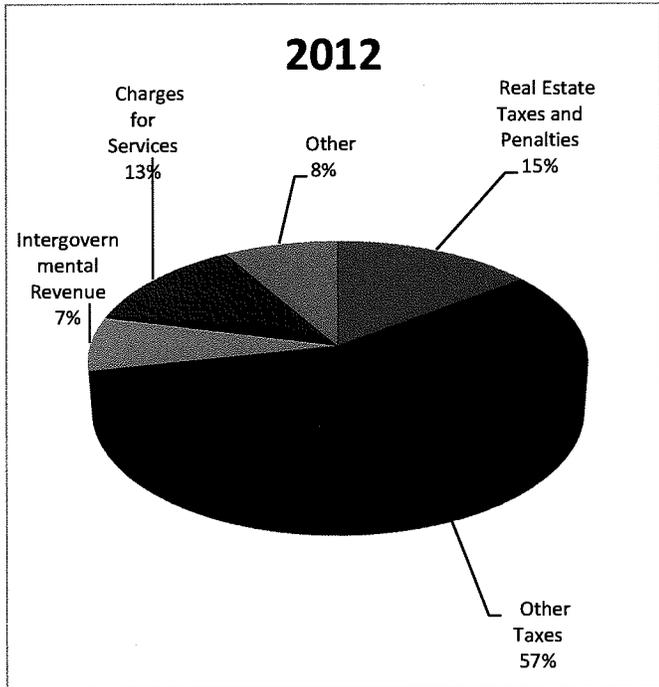
The following charts present the Township's revenues and expenditures by fund type. They are shown in more detail on page 8 of the financial statements.

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

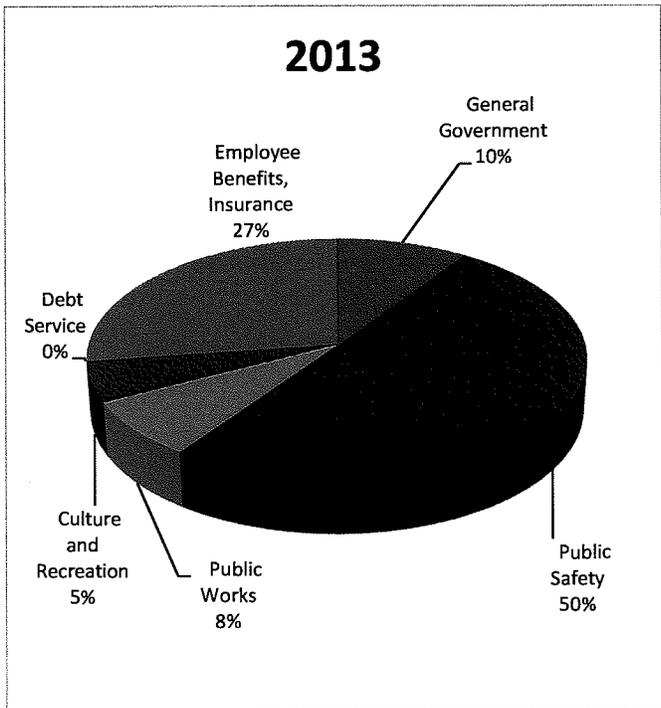
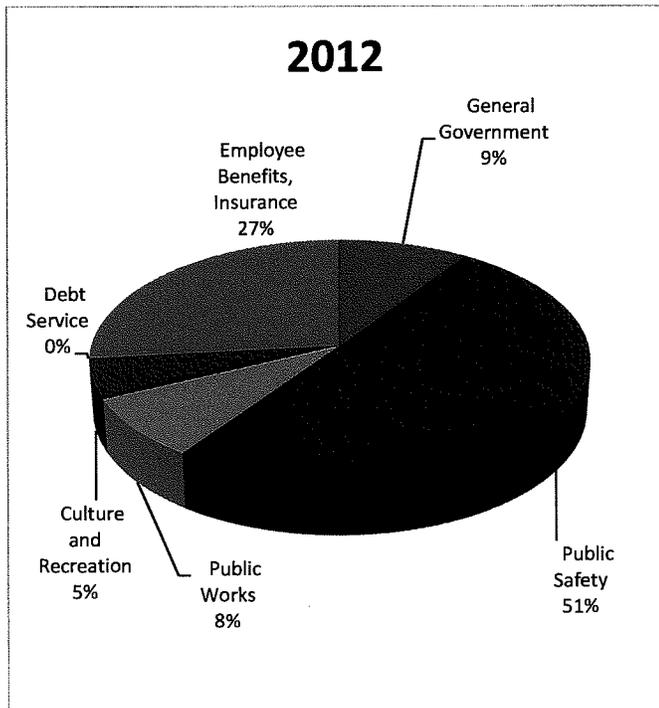
	2012			2013		
	General Fund	Other Funds	Total Governmental Funds	General Fund	Other Funds	Total Governmental Funds
Revenues						
Real Estate Taxes and Penalties	\$ 1,779,136	\$ -	\$ 1,779,136	\$ 1,761,480	\$ -	\$ 1,761,480
Other Taxes	6,955,772	83,254	7,039,026	7,092,138	84,998	7,177,136
Intergovernmental Revenues	885,758	571,598	1,457,356	820,682	564,310	1,384,992
Charges for Services	1,543,690	97,842	1,641,532	1,840,623	-	1,840,623
Other	1,012,451	2,567	1,015,018	916,865	8,152	925,017
Total Revenues	12,176,807	755,261	12,932,068	12,431,788	657,460	13,089,248
Expenditures						
General Government	1,139,788	-	1,139,788	1,189,701	-	1,189,701
Public Safety	6,173,709	133,806	6,307,515	6,281,480	1,594,880	7,876,360
Public Works (Highways, Sanitation, Streets)	1,011,403	847,958	1,859,361	959,801	661,464	1,621,265
Culture and Recreation	662,983	13,078	676,061	683,785	74,509	758,294
Debt Service	-	265,325	265,325	2,898	265,196	268,094
Employee Benefits, Insurances and Other	3,255,168	-	3,255,168	3,391,790	-	3,391,790
Total Expenditures	12,243,051	1,260,167	13,503,218	12,509,455	2,596,049	15,105,504
Other Financing Uses						
Interfund Transfers	(263,395)	263,395	-	(529,790)	529,790	-
Refunds Expenditures/Revenues	43,906	58,262	102,168	50,392	-	50,392
Sale of Capital Assets	10,096	-	10,096	5,371	-	5,371
Proceeds from Debt Financing	-	100,000	100,000	-	400,000	400,000
Total Other Financing Uses	(209,393)	421,657	212,264	(474,027)	929,790	455,763
Net Changes in Fund Balances	(275,637)	(83,249)	(358,886)	(551,694)	(1,008,799)	(1,560,493)
Fund Balances:						
January 1	3,535,639	52,175	3,587,814	3,260,002	(31,074)	3,228,928
December 31	\$ 3,260,002	\$ (31,074)	\$ 3,228,928	2,708,308	(1,039,873)	1,668,435

GENERAL FUND

REVENUES



EXPENDITURES



BUSINESS TYPE ACTIVITIES

Changes in Net Position 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>2012</u>	<u>2013</u>
Operating Revenues		
Charges for Services	\$ 4,768,425	\$ 5,076,966
Intergovernmental Revenues and Other	<u>3,448,579</u>	<u>3,626,011</u>
Total Operating Revenues	8,217,004	8,702,977
Operating Expenditures		
Costs of Services	5,397,635	5,282,098
Administration	300,000	300,000
Amortization and Depreciation	<u>2,849,553</u>	<u>2,894,100</u>
Total Operating Expenditures	8,547,188	8,476,198
Operating Income(Loss)	(330,184)	226,779
Non Operating Revenues (Expenditures)		
Tapping Fees	118,128	170,393
Investment Income	260,339	(35,431)
Bond Interest	(1,104,963)	(1,079,526)
Gain or Loss on Sale of Assets	(246,995)	3,392
Build America Bonds-Interest Subsidy	290,299	261,912
Refund Prior Year Revenue-Intergovernmental	<u>-</u>	<u>(1,731,600)</u>
Total Non Operating Revenues (Expenditures)	(683,192)	(2,410,860)
Change in Net Position	(1,013,376)	(2,184,081)
Total Net Position - January 1	44,339,419	43,244,599 (Restated)
Total Net Position - December 31	\$ 43,326,043	\$ 41,060,518

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was a decrease of \$551,694. The actual General Fund balance for 2013 is \$2,708,308. Page eight of the financial statements presents the detailed review.

Business-Type Activities

The change in net position for the Sewer Fund business type activities was a decrease of \$2,184,081. Page twelve highlights these activities by specific numbers and analysis.

The Township's Funds Governmental and Business Type Funds

As of 2013 year end, the governmental funds (please refer to page 8) reported a combined fund balance of \$1,668,435. 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 the net position at \$41,060,518. 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 2013, the Township had \$34,494,099 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 27.

The Sewer Fund at the close of 2013 had net capital assets of \$52,626,437. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 27.

Debt

At December 31, 2013 the Governmental long term debt (bonds and notes) stood at \$1,003,000 and the sewer fund debt at \$23,535,000. As reported in the Notes to the Financial Statements (page 29), 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. In addition, during 2013 proceeds from a note borrowed from Fulton Bank for \$400,000 were “drawn down” for the Fire Station. Again, please refer to page 29 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. The total general fund balance of \$2,708,308 has \$1,200,000 reserved to maintain the budgetary balance between revenues and expenditures in 2014.

For 2013, the total actual General Fund Revenues exceeded budgeted revenues by \$752,288. This was primarily the result of increased tax collections and intergovernmental revenues. Expenditures for 2013 were actually less than budgeted by \$144,423. The financial statements provide a detailed break-down of these revenues and expenditures on page 38. 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.

As stated before and continues to be a pattern, 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. 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 POSITION
DECEMBER 31, 2013**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Development Authority</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,107,228	\$ 1,720,536	\$ 2,827,764	\$ 594,007
Investments	1,351,028	4,887,972	6,239,000	--
Taxes Receivable, Net	85,981	--	85,981	--
Due from Other Governments	460,958	--	460,958	503,000
Accounts Receivable	152,045	511,847	663,892	--
Prepaid Expenses	--	71,998	71,998	--
Total Current Assets	<u>3,157,240</u>	<u>7,192,353</u>	<u>10,349,593</u>	<u>1,097,007</u>
Noncurrent Assets				
Other Assets				
Restricted Assets – Cash	--	42,056	42,056	--
Restricted Assets – Investments	--	4,312,588	4,312,588	--
Total Other Assets	<u>--</u>	<u>4,354,644</u>	<u>4,354,644</u>	<u>--</u>
Capital Assets				
Land and Right of Ways	4,361,134	1,824,307	6,185,441	--
Buildings	7,063,457	--	7,063,457	--
Construction in Progress	1,687,285	--	1,687,285	--
Improvements (Other than Buildings)	5,180,560	--	5,180,560	--
Machinery and Equipment	2,298,989	26,072,866	28,371,855	--
Infrastructure Assets	50,474,906	--	50,474,906	--
Collection Lines	--	55,951,890	55,951,890	--
Treatment Plant	--	3,663,852	3,663,852	--
Less Accumulated Depreciation	<u>(36,572,232)</u>	<u>(34,886,478)</u>	<u>(71,458,710)</u>	<u>--</u>
Total Capital Assets	<u>34,494,099</u>	<u>52,626,437</u>	<u>87,120,536</u>	<u>--</u>
Total Noncurrent Assets	<u>34,494,099</u>	<u>56,981,081</u>	<u>91,475,180</u>	<u>--</u>
TOTAL ASSETS	<u>\$ 37,651,339</u>	<u>\$ 64,173,434</u>	<u>\$ 101,824,773</u>	<u>\$ 1,097,007</u>

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Unit</u>
	<u>Activities</u>	<u>Activities</u>		<u>Development</u>
				<u>Authority</u>
LIABILITIES				
Current Liabilities				
Internal Balances	\$ 648,614	\$ (648,614)	\$ --	\$ --
Due to Other Governments	--	--	--	1,171
Accounts Payable	390,010	216,391	606,401	--
Retainage Payable	131,937	--	131,937	--
Current Portion of Long-Term Debt	247,000	1,240,000	1,487,000	778,000
Accrued Salaries and Wages	202,698	49,147	251,845	--
Payroll Deductions and Withholdings	20,861	--	20,861	--
Other Current Liabilities	<u>33,335</u>	<u>98,989</u>	<u>132,324</u>	<u>--</u>
Total Current Liabilities	<u>1,674,455</u>	<u>955,913</u>	<u>2,630,368</u>	<u>779,171</u>
Noncurrent Liabilities				
Bonds/Notes Payable	1,003,000	23,535,000	24,538,000	1,583,000
Bond Discount (Net of Accumulated Amortization)	--	(137,997)	(137,997)	--
Current Portion of Long-Term Debt	(247,000)	(1,240,000)	(1,487,000)	(778,000)
Long-Term Portion of Compensated Absences	18,982	--	18,982	--
Other Post-Employment Benefits	<u>1,714,928</u>	<u>--</u>	<u>1,714,928</u>	<u>--</u>
Total Noncurrent Liabilities	<u>2,489,910</u>	<u>22,157,003</u>	<u>24,646,913</u>	<u>805,000</u>
TOTAL LIABILITIES	<u>4,164,365</u>	<u>23,112,916</u>	<u>27,277,281</u>	<u>1,584,171</u>
NET POSITION				
Net Investment in Capital Assets	33,064,394	29,229,434	62,293,828	--
Restricted for				
Capital Projects	100,647	--	100,647	--
Highways	136,701	--	136,701	--
Sewer Capital	--	4,354,644	4,354,644	--
Unrestricted	<u>185,232</u>	<u>7,476,440</u>	<u>7,661,672</u>	<u>(487,164)</u>
TOTAL NET POSITION	<u>33,486,974</u>	<u>41,060,518</u>	<u>74,547,492</u>	<u>(487,164)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 37,651,339</u>	<u>\$ 64,173,434</u>	<u>\$ 101,824,773</u>	<u>\$ 1,097,007</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Governmental Activities							
General Government	\$ 1,276,153	\$ 335,355	\$ 29,021	\$ --	\$ (911,777)	\$ --	\$ (911,777)
Public Safety	6,398,155	1,435,918	115,642	--	(4,846,595)	--	(4,846,595)
Sanitation	28,684	--	79,408	--	50,724	--	50,724
Highways and Streets	3,116,608	184,987	408,256	191,627	(2,331,738)	--	(2,331,738)
Other Public Works	230	--	--	--	(230)	--	(230)
Culture and Recreation	918,360	228,078	4,150	--	(686,132)	--	(686,132)
Employee Benefits, Insurance and Other	3,535,263	287,338	509,343	--	(2,738,582)	--	(2,738,582)
Interest on Long-Term Debt	29,094	--	--	--	(29,094)	--	(29,094)
Total Governmental Activities	15,302,547	2,471,676	1,145,820	191,627	(11,493,424)	--	(11,493,424)
Business-Type Activities							
Sewer	11,322,755	8,674,997	198,373	265,304	--	(2,184,081)	(2,184,081)
Total Primary Government	\$ 26,625,302	\$ 11,146,673	\$ 1,344,193	\$ 456,931	(11,493,424)	(2,184,081)	(13,677,505)
Component Units							
Springettsbury Township Development Authority	\$ 106,988	\$ --	\$ --	\$ 568,392	--	--	461,404
Total Component Unit	\$ 106,988	\$ --	\$ --	\$ 568,392	--	--	461,404
General Revenues							
Property Taxes, Levied for General Purposes, Net					1,822,830	--	1,822,830
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					7,553,224	--	7,553,224
Investment Earnings					20,474	--	20,474
Miscellaneous Income					710	--	710
Capital Contribution					133,307	--	133,307
Total General Revenues					9,530,545	--	9,530,545
Change in Net Position					(1,962,879)	(2,184,081)	(4,146,960)
Net Position - January 1, 2013 (Restated)					35,449,853	43,244,599	78,694,452
Net Position - December 31, 2013					\$ 33,486,974	\$ 41,060,518	\$ 74,547,492

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS				
Cash and Cash Equivalents	\$ 441,872	\$ 414,206	\$ 251,150	\$ 1,107,228
Investments	1,351,028	--	--	1,351,028
Taxes Receivable (Net)	85,029	--	952	85,981
Due from Other Funds	630,862	--	--	630,862
Accounts Receivable	152,045	--	--	152,045
Due from Other Governments	460,958	--	--	460,958
	TOTAL ASSETS	\$ 414,206	\$ 252,102	\$ 3,788,102
LIABILITIES				
Due to Other Funds	\$ --	\$ 1,279,476	\$ --	\$ 1,279,476
Accounts Payable	95,242	294,768	--	390,010
Retainage Payable	--	131,937	--	131,937
Accrued Salaries and Wages	202,698	--	--	202,698
Payroll Deductions and Withholdings	20,861	--	--	20,861
Other Liabilities	33,335	--	--	33,335
	TOTAL LIABILITIES	1,706,181	--	2,058,317
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue – Property Taxes	61,350	--	--	61,350
	TOTAL DEFERRED INFLOWS OF RESOURCES	--	--	61,350
FUND BALANCES (DEFICIT)				
Restricted	--	100,647	136,701	237,348
Assigned	1,300,000	--	115,401	1,415,401
Unassigned	1,408,308	(1,392,622)	--	15,686
	TOTAL FUND BALANCES (DEFICIT)	(1,291,975)	252,102	1,668,435
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 414,206	\$ 252,102	\$ 3,788,102

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 POSITION
DECEMBER 31, 2013**

Total Fund Balances – Governmental Funds	\$ 1,668,435
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$71,066,331 , and the accumulated depreciation is \$36,572,232 .	34,494,099
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds.	61,350
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds/notes payable	(1,003,000)
Compensated absences	(18,982)
Other post-employment benefits	<u>(1,714,928)</u>
	<u>(2,736,910)</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>\$ 33,486,974</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
REVENUES				
Real Estate Taxes and Penalties	\$ 1,761,480	\$ --	\$ --	\$ 1,761,480
Other Taxes	7,092,138	--	84,998	7,177,136
Licenses and Permits	390,463	--	--	390,463
Fines and Forfeits	218,882	--	--	218,882
Interest, Rents and Royalties	19,472	500	502	20,474
Intergovernmental Revenues	820,682	--	564,310	1,384,992
Charges for Services	1,840,623	--	--	1,840,623
Miscellaneous	710	--	--	710
Reimbursements	287,338	--	--	287,338
Contributions from Private Sources	--	5,000	2,150	7,150
	12,431,788	5,500	651,960	13,089,248
TOTAL REVENUES				
EXPENDITURES				
General Government	1,189,701	--	--	1,189,701
Public Safety	6,281,480	1,591,785	3,095	7,876,360
Highways and Street	959,801	12,298	648,936	1,621,035
Other Public Works	--	230	--	230
Culture and Recreation	683,785	59,829	14,680	758,294
Debt Service	2,898	265,196	--	268,094
Employee Benefits, Insurance and Other	3,391,790	--	--	3,391,790
	12,509,455	1,929,338	666,711	15,105,504
TOTAL EXPENDITURES				
(DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(77,667)	(1,923,838)	(14,751)	(2,016,256)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	5,371	--	--	5,371
Transfers In	--	529,790	--	529,790
Transfers Out	(529,790)	--	--	(529,790)
Refund of Prior Year Expenditures	50,392	--	--	50,392
Proceeds from Long-Term Debt	--	400,000	--	400,000
	(474,027)	929,790	--	455,763
TOTAL OTHER FINANCING SOURCES (USES)				
Changes in Fund Balances	(551,694)	(994,048)	(14,751)	(1,560,493)
Fund Balances – January 1, 2013 (Deficit)	3,260,002	(297,927)	266,853	3,228,928
Fund Balances – December 31, 2013 (Deficit)	\$ 2,708,308	\$ (1,291,975)	\$ 252,102	\$ 1,668,435

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, 2013**

Total net change in fund balance – governmental funds \$ (1,560,493)

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

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

This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense \$ (1,951,487)

Capital outlays 1,768,724 (182,763)

Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the governmental funds. 61,350

The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. 133,307

Capital contribution of assets

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 239,000

The issuance of debt provides financial resources to governmental funds, but has no effect on net position. (400,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

(Increase) in compensated absences (9,807)

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. (243,473)

Change in net position of governmental activities \$ (1,962,879)

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2013**

	<u>Business-Type Activities Sewer Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,720,536
Investments	4,887,972
Due from Other Funds	715,635
Accounts Receivable	511,847
Prepaid Expenses	<u>71,998</u>
Total Current Assets	<u>7,907,988</u>
Noncurrent Assets	
Other Assets	
Restricted Assets – Cash	42,056
Restricted Assets – Investments	<u>4,312,588</u>
Total Other Assets	<u>4,354,644</u>
Capital Assets	
Land and Right of Ways	1,824,307
Machinery and Equipment	26,072,866
Collection Lines	55,951,890
Treatment Plant	3,663,852
Less Accumulated Depreciation	<u>(34,886,478)</u>
Total Capital Assets, Net	<u>52,626,437</u>
Total Noncurrent Assets	<u>56,981,081</u>
TOTAL ASSETS	<u>\$ 64,889,069</u>

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2013

	<u>Business-Type Activities Sewer Fund</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 216,391
Accrued Salaries and Wages	49,147
Other Accrued Liabilities	98,989
Due to Other Funds	67,021
Current Portion of Long-Term Debt	<u>1,240,000</u>
Total Current Liabilities	<u>1,671,548</u>
Noncurrent Liabilities	
Bonds Payable	23,535,000
Bond Discount (Net of Accumulated Amortization)	(137,997)
Current Portion of Long-Term Debt	<u>(1,240,000)</u>
Total Noncurrent Liabilities	<u>22,157,003</u>
TOTAL LIABILITIES	<u>23,828,551</u>
NET POSITION	
Net Investment in Capital Assets	29,229,434
Restricted	4,354,644
Unrestricted	<u>7,476,440</u>
TOTAL NET POSITION	<u>41,060,518</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 64,889,069</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2013**

	<u>Business-Type Activities Sewer Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 5,076,966
Charges for Services – Intergovernmental	3,598,031
Refund of Prior Year Expenses	<u>27,980</u>
TOTAL OPERATING REVENUES	<u>8,702,977</u>
OPERATING EXPENSES	
Cost of Services	5,282,098
Administration	300,000
Depreciation	2,883,519
Amortization	<u>10,581</u>
TOTAL OPERATING EXPENSES	<u>8,476,198</u>
OPERATING INCOME	<u>226,779</u>
NONOPERATING REVENUES (EXPENSES)	
Tapping Fees	170,393
Loss on Investments	(35,431)
Interest Expense	(1,079,526)
Net Gain on Disposal of Capital Assets	3,392
Federal Build America Bonds – Interest Subsidy	261,912
Refund of Prior Year Revenue - Intergovernmental	<u>(1,731,600)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,410,860)</u>
Changes in Net Position	(2,184,081)
Net Position – January 1, 2013 (Restated)	<u>43,244,599</u>
Net Position – December 31, 2013	<u>\$ 41,060,518</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, 2013**

	<u>Business-Type Activities Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 8,608,781
Cash Payments to Employees for Services	(1,299,289)
Cash Payments to Suppliers for Goods and Services	(3,651,282)
Cash Payments for Other Operating Expenses	<u>(576,563)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,081,647</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, Construction and Improvement of Capital Assets	(1,340,677)
Decrease in Restricted Assets	3,342,759
Refund of Capital Funds to Intermunicipal Group	(1,731,600)
Tapping Fees Received	170,393
Principal Payments	(1,220,000)
Proceeds from Sale of Capital Assets	20,124
Debt Interest Payments	(1,082,299)
Federal Interest Subsidy	<u>261,912</u>
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,579,388)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment (Loss)	(35,431)
Purchase of Investments – Net	<u>(1,119,959)</u>
NET CASH (USED FOR) INVESTING ACTIVITIES	<u>(1,155,390)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	346,869
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>1,373,667</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,720,536</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 226,779</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	2,883,519
Amortization	10,581
Bond Issuance Expense	4,176
(Increase) in Accounts Receivable	(67,269)
(Decrease) in Accounts Payable	(33,008)
Increase in Accrued Salaries and Benefits	3,953
Increase in Due to Other Funds	<u>52,916</u>
Total Adjustments	<u>2,854,868</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,081,647</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Pension Trust		Private Purpose Trust Fund		Agency Fund
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund	Escrow Fund
ASSETS					
Cash and Cash Equivalents	\$ --	\$ --	\$ 950	\$ 1,851	\$ 108,745
Investments	<u>9,181,290</u>	<u>13,513,767</u>	<u>186,254</u>	<u>74,496</u>	<u>--</u>
TOTAL ASSETS	<u>\$ 9,181,290</u>	<u>\$ 13,513,767</u>	<u>\$ 187,204</u>	<u>\$ 76,347</u>	<u>\$ 108,745</u>
LIABILITIES					
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ 38,513
Due to Developers	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>70,232</u>
TOTAL LIABILITIES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>108,745</u>
NET POSITION					
Restricted for					
Pension Benefits	9,181,290	13,513,767	--	--	--
Other Purposes	<u>--</u>	<u>--</u>	<u>187,204</u>	<u>76,347</u>	<u>--</u>
TOTAL NET POSITION	<u>9,181,290</u>	<u>13,513,767</u>	<u>187,204</u>	<u>76,347</u>	<u>--</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,181,290</u>	<u>\$ 13,513,767</u>	<u>\$ 187,204</u>	<u>\$ 76,347</u>	<u>\$ --</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Pension Trust		Private Purpose Trust Fund	
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund
ADDITIONS				
State Contributions – Act 205	\$ --	\$ 470,007	\$ --	\$ --
Municipal Contributions	299,541	150,654	--	--
Employee Contributions	64,725	137,621	--	--
Investment Income	<u>1,190,516</u>	<u>1,936,594</u>	<u>2,919</u>	<u>1,642</u>
TOTAL ADDITIONS	<u>1,554,782</u>	<u>2,694,876</u>	<u>2,919</u>	<u>1,642</u>
DEDUCTIONS				
Distributions and Benefit Payments	231,606	1,039,809	--	--
Miscellaneous Expenses	16,554	73,825	--	--
Contribution to Libraries	--	--	2,000	--
Unrealized Loss on Investments	<u>--</u>	<u>--</u>	<u>4,576</u>	<u>2,984</u>
TOTAL DEDUCTIONS	<u>248,160</u>	<u>1,113,634</u>	<u>6,576</u>	<u>2,984</u>
Changes in Net Position	1,306,622	1,581,242	(3,657)	(1,342)
Net Position – January 1, 2013	<u>7,874,668</u>	<u>11,932,525</u>	<u>190,861</u>	<u>77,689</u>
Net Position – December 31, 2013	<u>\$ 9,181,290</u>	<u>\$ 13,513,767</u>	<u>\$ 187,204</u>	<u>\$ 76,347</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 unit's 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 60% and Spring Garden Township will fund 40% 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, 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, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position 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 capital asset acquisitions, construction, and improvements. This fund includes the capital improvements fund and the storm water reserve 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
- Subdivision Recreation Fund
- Grant Fund

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 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

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements regardless of measurement focus.

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 position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

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, 2013, 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".

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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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	3 to 20
Collection Lines	5 to 50
Treatment Plant	5 to 50
Transportation Equipment	5 to 15
Furniture and Fixtures	5 to 15
Infrastructure Assets	20 to 75

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 position. Bond premiums and discounts 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.

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. 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. During the year ended December 31, 2013, the Township did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position Flow Assumption

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

O. Changes in Accounting Principles and Restatement of Net Position

Changes in Accounting Principles

During the year ended December 31, 2013, the Township implemented *GASB 65, Items Previously Reported as Assets and Liabilities*, to address issues on how certain items are being reported. GASB 65 requires that debt issuance costs, except any portion related to prepaid insurance costs, be reported as an expense in the period incurred. Previous practice was to capitalize the bond issuance costs, and amortize the balance over the life of the debt.

As a result, the Township restated beginning net position as of January 1, 2013 as part of these statements. The restatement of the net position is detailed below.

Restatement of Net Position

	Sewer Fund
Net Position, January 1, 2013	\$ 43,326,043
Removal of Bond Issuance Costs:	
2010 Bond Issuance Costs	(98,603)
Accumulated Amortization	17,159
Restated Net Position, January 1, 2013	\$ 43,244,599

P. Fund Balance Policy

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,

Unassigned – residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance Policy (Continued)

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, 2013, the Township did not have any committed fund balances.

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.

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.

Q. Date of Management's Review

Management has evaluated subsequent events through May 21, 2014, 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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2013, \$1,585,517 of the Township's bank balance of \$3,474,431 was exposed to custodial credit risk as follows:

Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name, but pledged collateral under Act 72	<u>\$ 1,585,517</u>
 <u>Reconciliation to Financial Statements</u>	
Uninsured Amount, Above	\$ 1,585,517
Plus: Insured Amount	1,000,000
Deposits in Transit	351
Less: Outstanding Checks	<u>(605,262)</u>
Carrying Amount – Bank Balances	1,980,606
Petty Cash	300
Pooled Cash Equivalent – Morgan Stanley U.S. Government Money Market Trust	<u>888,914</u>
Total Cash per Financial Statements	<u>\$ 2,869,820</u>

The balance of \$888,914 consists of pooled investments backed by U.S. Government obligations. The pool is not subject to regulatory oversight. Each participant in the pool owns a pro-rata share of deposits held by the pool.

Investments

As of December 31, 2013, the Township had the following investments:

<u>Investments</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Certificates of Deposit	1 - 20 years	\$ 10,551,588
Total Investments		<u>\$ 10,551,588</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, 2013, the Township's investments in Morgan Stanley were rated A by Standard & Poor's.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Investments (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. Morgan Stanley uses Depository Trust Company (DTC) as custodian for the certificates of deposit. As of December 31, 2013, none of the Township's governmental and business-type activities investments of \$10,551,588 were exposed to custodial risk.

Beginning January 1, 2013, all interest and noninterest bearing demand accounts are aggregated in total by financial institution and fully insured up to \$250,000. Time and savings accounts also have FDIC insurance coverage up to \$250,000.

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	\$ 11,440,619	81.57%
Metro Bank	1,456,371	10.38%
Susquehanna Bank	<u>1,129,029</u>	<u>8.05%</u>
	<u>\$ 14,026,019</u>	<u>100.00%</u>

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, 2013, all of the Township's trust and agency funds bank balances of \$114,357 were exposed to custodial credit risk as follows:

Insured or Registered	\$ --
Uninsured or unregistered with securities held by counterparty's trust department (DTC)	2,801
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name, but pledged collateral under Act 72	<u>111,556</u>
	<u>\$ 114,357</u>

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 114,357
Less: Outstanding Checks	<u>(2,811)</u>
Total Cash per Financial Statements	<u>\$ 111,546</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Investments

As of December 31, 2013, the Township had the following investments:

<u>Investment</u>	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Library Fund</u>	<u>Schenck Trust Fund</u>	<u>Total</u>
ICMA Retirement Corporation					
Stable Value/Cash Management	\$ 2,827,304	\$ --	\$ --	\$ --	\$ 2,827,304
Bonds	147,914	--	--	--	147,914
Guaranteed Lifetime Income	212,874	--	--	--	212,874
Balance/Asset Allocation	3,549,863	--	--	--	3,549,863
U.S. Stock	2,203,743	--	--	--	2,203,743
International/Global Stock	156,584	--	--	--	156,584
Specialty	83,008	--	--	--	83,008
Legacy Trust Company					
Common Stocks	--	1,152,148	--	--	1,152,148
Equity Funds	--	6,014,639	--	--	6,014,639
Fixed Income	--	5,478,168	--	--	5,478,168
Cash Equivalents	--	612,059	--	--	612,059
Fulton Financial Advisors					
Cash Equivalents	--	256,753	--	--	256,753
Morgan Stanley					
Certificates of Deposit	--	--	186,254	74,496	260,750
	<u>\$ 9,181,290</u>	<u>\$ 13,513,767</u>	<u>\$ 186,254</u>	<u>\$ 74,496</u>	<u>\$ 22,955,807</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 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, 2013, 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 Investments</u>	<u>Concentration Percentage</u>
Legacy Trust Company	\$ 13,257,014	57.44%
ICMA Retirement Corp	9,181,290	39.78%
Fulton Financial Advisors	265,753	1.15%
Morgan Stanley	263,551	1.14%
Metro Bank	111,556	.49%
	<u>\$ 23,079,164</u>	<u>100.00%</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 – RESTRICTED ASSETS – BUSINESS-TYPE ACTIVITIES

Capital Improvement Reserve - Sewer - Cash	\$ 42,056
Capital Improvement Reserve - Sewer - Investments	<u>4,312,588</u>
Total Restricted Assets	<u>\$ 4,354,644</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 UNAVAILABLE 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, 2013 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 2013 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 is unavailable revenue. The balances at December 31, 2013 are as follows:

	<u>Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unavailable Revenue - Taxes</u>
Real Estate	\$ 85,029	\$ 23,679	\$ 61,350
Special Assessment – Street Light	<u>952</u>	<u>952</u>	<u>--</u>
	<u>\$ 85,981</u>	<u>\$ 24,631</u>	<u>\$ 61,350</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 – CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-Type Activities as of December 31, 2013, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land and Right of Ways	\$ 1,823,387	\$ 920	\$ --	\$ 1,824,307
Total Capital Assets Not Being Depreciated	<u>1,823,387</u>	<u>920</u>	<u>--</u>	<u>1,824,307</u>
Capital Assets Being Depreciated				
Collection Lines	24,828,841	1,244,025	--	26,072,866
Treatment Plant	56,122,727	19,105	189,942	55,951,890
Machinery and Equipment	3,650,617	95,948	82,713	3,663,852
Total Capital Assets Being Depreciated	<u>84,602,185</u>	<u>1,359,078</u>	<u>272,655</u>	<u>85,688,608</u>
Less Accumulated Depreciation				
Collection Lines	10,364,012	571,823	--	10,935,835
Treatment Plant	18,817,969	2,167,178	175,985	20,809,162
Machinery and Equipment	3,076,902	144,518	79,939	3,141,481
Total Accumulated Depreciation	<u>32,258,883</u>	<u>2,883,519</u>	<u>255,924</u>	<u>34,886,478</u>
Total Capital Assets Being Depreciated, Net	<u>52,343,302</u>	<u>(1,524,441)</u>	<u>16,731</u>	<u>50,802,130</u>
Business-Type Activities Capital Assets, Net	<u>\$ 54,166,689</u>	<u>\$ (1,523,521)</u>	<u>\$ 16,731</u>	<u>\$ 52,626,437</u>

A summary of capital assets of the Governmental Activities as of December 31, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 4,127,827	\$ 233,307	\$ --	\$ 4,361,134
Construction in Progress	95,500	1,591,785	--	1,687,285
Total Capital Assets Not Being Depreciated	<u>4,223,327</u>	<u>1,825,092</u>	<u>--</u>	<u>6,048,419</u>
Capital Assets Being Depreciated				
Buildings	7,063,457	--	--	7,063,457
Improvements (Other than Buildings)	5,111,492	69,068	--	5,180,560
Machinery and Equipment	2,364,983	7,871	73,865	2,298,989
Infrastructure Assets	50,474,906	--	--	50,474,906
Total Capital Assets Being Depreciated	<u>65,014,838</u>	<u>76,939</u>	<u>73,865</u>	<u>65,017,912</u>
Less Accumulated Depreciation				
Buildings	2,680,796	189,788	--	2,870,584
Improvements (Other than Buildings)	1,708,555	193,330	--	1,901,885
Machinery and Equipment	1,536,552	153,684	73,865	1,616,371
Infrastructure Assets	28,768,707	1,414,685	--	30,183,392
Total Accumulated Depreciation	<u>34,694,610</u>	<u>1,951,487</u>	<u>73,865</u>	<u>36,572,232</u>
Total Capital Assets, Being Depreciated, Net	<u>30,320,228</u>	<u>(1,874,548)</u>	<u>--</u>	<u>28,445,680</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,543,555</u>	<u>\$ (49,456)</u>	<u>\$ --</u>	<u>\$ 34,494,099</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 – CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 94,323
Public Safety	103,773
Sanitation	28,684
Highways and Streets	1,495,573
Culture and Recreation	<u>229,134</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,951,487</u>
Business-Type Activities:	
Sewer	<u>\$ 2,883,519</u>

NOTE 8 – RESTRICTED NET POSITION

Business-type activities restricted net position 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 9 – FUND BALANCE

Restricted Fund Balance

The Township's restricted fund balances are amounts restricted by outside parties. As of December 31, 2013, the Township's restricted fund balance was \$237,348; \$136,701 of which was restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes, and \$100,647 set aside for future capital projects.

Assigned Fund Balance

As of December 31, 2013, the Township's assigned fund balance was \$1,415,401, which consisted of the following:

Other Post Employment Benefits (OPEB)	\$ 100,000
2014 Use of General Fund Balance	1,200,000
Street Lights	84,067
Parks and Recreation Projects	<u>31,334</u>
	<u>\$ 1,415,401</u>

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 and note proceeds.

NOTE 10 – CAPITAL CONTRIBUTIONS

Governmental Activities

The Township received contributed capital assets of \$133,307, which consisted of the following:

Camp Security - Land	<u>\$ 133,307</u>
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**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 11 – LONG-TERM DEBT – BONDS/NOTES PAYABLE

	<u>Governmental Fund</u>	<u>Enterprise Fund</u>
Balance as of January 1, 2013	\$ 842,000	\$ 24,755,000
Additional Borrowings	400,000	--
Principal Retirements	<u>(239,000)</u>	<u>(1,220,000)</u>
Balance as of December 31, 2013	<u>\$ 1,003,000</u>	<u>\$ 23,535,000</u>
Current Portion	\$ 247,000	\$ 1,240,000

The payments of long-term debt are to be funded by the capital projects fund and the sewer fund.

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, 2013 was \$503,000 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 Note, Series of 2012

During 2012, the Township authorized the issuance of general obligation note in the amount of \$3,500,000. The proceeds of the note were to finance the costs of certain capital projects and to pay the costs of issuance. The note bears an interest rate of 1.85% payable in semi-annual installments. The Township had drawn down \$400,000 of the proceeds during 2013. The balance outstanding at December 31, 2013 is \$500,000 and is scheduled to mature in June 2015.

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, 2013 was \$15,865,000.

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 \$261,192 in 2013.

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, 2013 was \$7,670,000.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 11 – LONG-TERM DEBT – BONDS/NOTES PAYABLE (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2013, are as follows:

Capital Projects Fund

Year Ended December 31,	Springettsbury Township Development Authority – Note B			General Obligation Note 2012
	Principal	Interest	Total	Principal
2014	\$ 247,000	\$ 16,914	\$ 263,914	\$ --
2015	<u>256,000</u>	<u>8,601</u>	<u>264,601</u>	<u>500,000</u>
	<u>\$ 503,000</u>	<u>\$ 25,515</u>	<u>\$ 528,515</u>	<u>\$ 500,000</u>

General Obligation Bonds 2010 – Series A and AA

Year Ended December 31,	Enterprise Fund					
	Series 2010 A			Series 2010 AA		
	Principal	Interest	Total	Principal	Interest	Total
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	850,000	703,798	1,553,798	480,000	228,250	708,250
2018	875,000	666,993	1,541,993	495,000	213,850	708,850
2019-2023	4,790,000	2,680,592	7,470,592	2,735,000	812,031	3,547,031
2024-2028	5,660,000	1,356,757	7,016,757	2,580,000	263,000	2,843,000
2029	<u>1,260,000</u>	<u>74,592</u>	<u>1,334,592</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>\$ 15,865,000</u>	<u>\$ 7,780,322</u>	<u>\$ 23,645,322</u>	<u>\$ 7,670,000</u>	<u>\$ 2,271,581</u>	<u>\$ 9,941,581</u>

NOTE 12 – 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. Police officer sick leave is paid at the officer's standard daily rate times the number of sick days, with a maximum of 19.5 days. The Township implemented a policy in 2005 to report a liability for those police officers that are within 5 years of retirement.

For the year ended December 31, 2013, compensated absences changed as follows:

Beginning of Year	\$ 9,175
Increase in Compensated Absences	<u>9,807</u>
End of Year	<u>\$ 18,982</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 12 – COMPENSATED ABSENCES (Continued)

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 13 – PENSION PLANS

The Township has included in these financial statements the two 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.

Average monthly pay is based upon the last 36 months of employment. Pay is defined as wages as reported on federal form W-2, excluding officer in charge pay.

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.

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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 13 – PENSION PLANS (Continued)

Actuarial Valuation

An actuarial study as of January 1, 2013 was completed by Conrad M. Siegel, Inc. on February 12, 2014. 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, 2013; (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 10 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.

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 equal 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, 2013, the Township contributed \$299,541 to the Non-Uniformed Pension Plan.

NOTE 14 – DEFERRED COMPENSATION PLAN

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

NOTE 15 – 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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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, 2012 was completed by Conrad M. Siegel, Inc. on December 24, 2012 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, 2012; (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 RP 2000 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 7.5% in 2012, decreasing 0.5% per year to a rate of 5.5% in 2016. Rates gradually decrease from 5.3% in 2017 to 4.2% in 2089. The unfunded actuarial accrued liability (UAAL) is being amortized on the level dollar, 30-year open period.

PAID FIREMEN

The actuarial determined liability for OPEB benefits for current firefighters was transferred to York Area United Fire and Rescue effective January 1, 2011. The Township reports only the OPEB liability for the former firefighters that retired prior to the formation of YAUFRR.

The retiree will be entitled to receive all medical, hospital, dental, and prescription insurance provided the retiree pays the Township an amount equal to one half the cost of any insurance premiums paid by the Township 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.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Actuarial Methods and Assumptions

An actuarial study as of January 1, 2012 was completed by Conrad M. Siegel, Inc. on December 24, 2012 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, 2012; (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 RP 2000 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) vested former members are assumed to elect coverage at age 65; (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 7.5% in 2012, decreasing 0.5% per year to a rate of 5.5% in 2016. Rates gradually decrease from 5.3% in 2017 to 4.2% in 2089. 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.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>POLICE OFFICERS</u>			
Annual Required Contribution (ARC)	\$ 351,946	\$ 351,946	\$ 373,078
Interest on Net OPEB Obligation	57,638	40,481	28,511
Adjustment to ARC	<u>(78,633)</u>	<u>(55,227)</u>	<u>(38,896)</u>
Annual OPEB Cost (Expense)	330,951	337,200	362,693
Contributions Made (Estimated)	<u>(79,174)</u>	<u>(74,222)</u>	<u>(96,682)</u>
Increase in Net OPEB Obligation	251,777	262,978	266,011
Net OPEB Obligation – Beginning of Year	<u>1,280,846</u>	<u>1,017,868</u>	<u>751,857</u>
Net OPEB Obligation – End of Year	<u>\$ 1,532,623</u>	<u>\$ 1,280,846</u>	<u>\$ 1,017,868</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>PAID FIREMEN</u>			
Annual Required Contribution (ARC)	\$ 37,379	\$ 37,379	\$ 74,578
Interest on Net OPEB Obligation	8,577	8,696	5,587
Adjustment to ARC	<u>(11,702)</u>	<u>(11,953)</u>	<u>(7,622)</u>
Annual OPEB Cost (Expense)	34,254	34,122	72,543
Contributions Made (Estimated)	<u>(42,558)</u>	<u>(38,279)</u>	<u>(19,737)</u>
Increase (Decrease) in Net OPEB Obligation	(8,304)	(4,157)	52,806
Net OPEB Obligation – Beginning of Year	190,609	194,766	258,110
Less: Transfer Balance to YAUFRR	<u>--</u>	<u>--</u>	<u>(116,150)</u>
Net OPEB Obligation – End of Year	<u>\$ 182,305</u>	<u>\$ 190,609</u>	<u>\$ 194,766</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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 16 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

Transfers

The General Fund transferred \$529,790 to the Capital Projects Fund for various current year and future capital projects and purchases.

The interfund receivables and payables balances at December 31, 2013 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 630,862	\$ --
Enterprise Fund	715,635	67,021
Capital Projects Fund	--	1,279,476
	\$ 1,346,497	\$ 1,346,497

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. The capital projects fund owed sewer fund for the acquisition of property and general fund for payment of construction costs.

NOTE 17 – 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 18 – 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, 2013**

NOTE 18 – COMMITMENT (Continued)

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

	<u>4.8 MGD Capacity</u>	<u>Lease Rental Plant</u>	<u>Total</u>
2014	\$ 230,000	\$ 601,000	\$ 831,000
2015	230,000	601,000	831,000
2016	230,000	601,000	831,000
2017	230,000	601,000	831,000
2018	230,000	601,000	831,000
2019-2023	750,000	228,000	978,000
2024	<u>30,000</u>	<u>--</u>	<u>30,000</u>
	<u>\$ 1,930,000</u>	<u>\$ 3,233,000</u>	<u>\$ 5,163,000</u>

NOTE 19 – 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, 2013, no settlements exceeded insurance coverage.

NOTE 20 – 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 Highmark Blue Shield. During the year ended December 31, 2013, the Township remitted their contracted monthly amount to IIC who pays the funds directly to Highmark Blue Shield. 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 2013 claims to \$50,000 individually and \$1,342,754 in the aggregate for claims for 2013.

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, 2013.

As of December 31, 2013, 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 47 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 \$850,000 for a claim over its life. As of December 31, 2013, the Township is not aware of any additional assessments relating to the Trust.

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 21 – CONSTRUCTION COMMITMENTS

As of December 31, 2013, the Township is involved in the following capital project.

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures to Date</u>	<u>Commitments Outstanding</u>
Fire Station	\$ 3,780,998	\$ 1,319,372	\$ 2,461,626

REQUIRED SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2013

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Estate Taxes and Penalties	\$ 1,750,000	\$ 1,750,000	\$ 1,761,480	\$ 11,480
Other Taxes	6,595,000	6,595,000	7,092,138	497,138
Licenses and Permits	370,000	370,000	390,463	20,463
Fines and Forfeits	272,000	272,000	218,882	(53,118)
Interest, Rents, and Royalties	20,000	20,000	19,472	(528)
Intergovernmental Revenues	751,000	751,000	820,682	69,682
Charges for Services	1,545,500	1,545,500	1,840,623	295,123
Miscellaneous	1,000	1,000	710	(290)
Reimbursements	375,000	375,000	287,338	(87,662)
TOTAL REVENUES	11,679,500	11,679,500	12,431,788	752,288
EXPENDITURES				
General Government	1,162,350	1,197,650	1,189,701	7,949
Public Safety	6,246,428	6,259,328	6,281,480	(22,152)
Highways and Streets	1,080,500	1,007,500	959,801	47,699
Culture and Recreation	674,000	674,000	683,785	(9,785)
Debt Service	25,000	25,000	2,898	22,102
Employee Benefits, Insurance and Other	3,480,500	3,490,400	3,391,790	98,610
TOTAL EXPENDITURES	12,668,778	12,653,878	12,509,455	144,423
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(989,278)	(974,378)	(77,667)	896,711
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	5,000	5,000	5,371	371
Transfers In	100,000	100,000	--	(100,000)
Transfers Out	(315,000)	(529,900)	(529,790)	110
Refund of Prior Year Expenditures	1,000	1,000	50,392	49,392
TOTAL OTHER FINANCING SOURCES (USES)	(209,000)	(423,900)	(474,027)	(50,127)
Changes in Fund Balances	(1,198,278)	(1,398,278)	(551,694)	846,584
Fund Balances – January 1, 2013	3,260,002	3,260,002	3,260,002	--
Fund Balances – December 31, 2013	\$ 2,061,724	\$ 1,861,724	\$ 2,708,308	\$ 846,584

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, 2013**

	Capital Improvement Fund			Storm Water Reserve Fund	
	Original Budget	Final Budget	Actual	Original/ Final Budget	Actual
REVENUES					
Interest, Rents and Royalties	\$ 500	\$ 500	\$ 391	\$ 500	\$ 109
Contributions from Private Sources	--	750,000	5,000	--	--
TOTAL REVENUES	500	750,500	5,391	500	109
EXPENDITURES					
Public Safety	2,750,000	4,350,000	1,591,785	--	--
Highways and Streets	700,000	50,000	12,298	--	--
Other Public Works	--	--	--	500	230
Culture and Recreation	100,000	100,000	59,829	--	--
Debt Service	265,000	265,000	265,196	--	--
TOTAL EXPENDITURES	3,815,000	4,765,000	1,929,108	500	230
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,814,500)	(4,014,500)	(1,923,717)	--	(121)
OTHER FINANCING SOURCES (USES)					
Transfer In	314,500	514,500	529,790	--	--
Proceeds from Long-Term Debt	3,500,000	3,500,000	400,000	--	--
TOTAL OTHER FINANCING SOURCES (USES)	3,814,500	4,014,500	929,790	--	--
Changes in Fund Balances	--	--	(993,927)	--	(121)
Fund Balances – January 1, 2013					
(Deficit)	(398,695)	(398,695)	(398,695)	100,768	100,768
Fund Balances – December 31, 2013					
(Deficit)	\$ (398,695)	\$ (398,695)	\$ (1,392,622)	\$ 100,768	\$ 100,647

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, 2013

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Subdivision Recreation Fund		
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES							
Other Taxes	\$ --	\$ --	\$ 81,500	\$ 84,998	\$ --	\$ --	\$ --
Interest, Rents and Royalties	500	368	500	95	500	500	39
Intergovernmental Revenue	541,500	559,215	--	--	--	--	--
Contributions from Private Sources	--	--	--	--	--	--	2,150
TOTAL REVENUES	<u>542,000</u>	<u>559,583</u>	<u>82,000</u>	<u>85,093</u>	<u>500</u>	<u>500</u>	<u>2,189</u>
EXPENDITURES							
Highways and Streets	699,000	580,342	82,000	68,594	--	--	--
Culture and Recreation	--	--	--	--	10,000	63,000	12,680
TOTAL EXPENDITURES	<u>699,000</u>	<u>580,342</u>	<u>82,000</u>	<u>68,594</u>	<u>10,000</u>	<u>63,000</u>	<u>12,680</u>
Changes in Fund Balances	(157,000)	(20,759)	--	16,499	(9,500)	(62,500)	(10,491)
Fund Balances -- January 1, 2013	<u>157,460</u>	<u>157,460</u>	<u>67,568</u>	<u>67,568</u>	<u>41,825</u>	<u>41,825</u>	<u>41,825</u>
Fund Balances -- December 31, 2013	<u>\$ 460</u>	<u>\$ 136,701</u>	<u>\$ 67,568</u>	<u>\$ 84,067</u>	<u>\$ 32,325</u>	<u>\$ (20,675)</u>	<u>\$ 31,334</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**SCHEDULE OF FUNDING PROGRESS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE PENSION PLAN
DECEMBER 31, 2013**

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
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%)
1/1/2012	10,749,550					
1/1/2013	11,934,025	14,321,869	(2,387,844)	83.3%	2,692,132	(88.7%)

Schedule of Contributions from Employer

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer ⁽¹⁾</u>	<u>Percentage Contributed</u>
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%
2012	612,225	612,225	100.0%
2013	620,661	620,661	100.0%

⁽¹⁾ Includes general municipal pension system state aid.

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
DECEMBER 31, 2013**

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
<u>POLICE</u>						
1/1/09	\$ --	\$ 3,444,845	\$ 3,444,845	0.00%	\$ 2,182,066	157.87%
1/1/12	\$ --	\$ 3,198,323	\$ 3,198,323	0.00%	\$ 2,464,345	129.78%
<u>PAID FIREMEN</u>						
1/1/09	\$ --	\$ 1,586,662	\$ 1,586,662	0.00%	\$ 948,184	167.34%
1/1/12	\$ --	\$ 608,865	\$ 608,865	0.00%	\$ --	N/A
<u>TOTAL</u>						
1/1/09	\$ --	\$ 5,031,507	\$ 5,031,507	0.00%	\$ 3,130,250	160.74%
1/1/12	\$ --	\$ 3,807,188	\$ 3,807,188	0.00%	\$ 2,464,345	154.49%

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

SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2013

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
DECEMBER 31, 2013**

	<u>Capital Improvement Fund</u>	<u>Storm Water Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 313,559	\$ 100,647	\$ 414,206
TOTAL ASSETS	<u>\$ 313,559</u>	<u>\$ 100,647</u>	<u>\$ 414,206</u>
LIABILITIES			
Due to Other Funds	\$ 1,279,476	\$ --	\$ 1,279,476
Accounts Payable	294,768	--	294,768
Retainage Payable	<u>131,937</u>	<u>--</u>	<u>131,937</u>
TOTAL LIABILITIES	<u>1,706,181</u>	<u>--</u>	<u>1,706,181</u>
FUND BALANCES (DEFICIT)			
Restricted	--	100,647	100,647
Unassigned (Deficit)	<u>(1,392,622)</u>	<u>--</u>	<u>(1,392,622)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>(1,392,622)</u>	<u>100,647</u>	<u>(1,291,975)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 313,559</u>	<u>\$ 100,647</u>	<u>\$ 414,206</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2013**

	Capital Improvement Fund	Storm Water Reserve Fund	Total
REVENUES			
Interest, Rents and Royalties	\$ 391	\$ 109	\$ 500
Contributions from Private Sources	<u>5,000</u>	<u>--</u>	<u>5,000</u>
TOTAL REVENUES	<u>5,391</u>	<u>109</u>	<u>5,500</u>
EXPENDITURES			
Public Safety	1,591,785	--	1,591,785
Highways and Streets	12,298	--	12,298
Other Public Works	--	230	230
Culture and Recreation	59,829	--	59,829
Debt Service	<u>265,196</u>	<u>--</u>	<u>265,196</u>
TOTAL EXPENDITURES	<u>1,929,108</u>	<u>230</u>	<u>1,929,338</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,923,717)</u>	<u>(121)</u>	<u>(1,923,838)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	529,790	--	529,790
Proceeds from Long-Term Debt	<u>400,000</u>	<u>--</u>	<u>400,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>929,790</u>	<u>--</u>	<u>929,790</u>
Changes in Fund Balances	(993,927)	(121)	(994,048)
Fund Balances – January 1, 2013	<u>(398,695)</u>	<u>100,768</u>	<u>(297,927)</u>
Fund Balances – December 31, 2013	<u>\$ (1,392,622)</u>	<u>\$ 100,647</u>	<u>\$ (1,291,975)</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Grant Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 136,701	\$ 83,115	\$ 31,334	\$ --	\$ 251,150
Taxes Receivable -- Net	<u>--</u>	<u>952</u>	<u>--</u>	<u>--</u>	<u>952</u>
TOTAL ASSETS	<u>\$ 136,701</u>	<u>\$ 84,067</u>	<u>\$ 31,334</u>	<u>\$ --</u>	<u>\$ 252,102</u>
LIABILITIES					
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES					
Restricted	136,701	--	--	--	136,701
Assigned	<u>--</u>	<u>84,067</u>	<u>31,334</u>	<u>--</u>	<u>115,401</u>
TOTAL FUND BALANCES	<u>136,701</u>	<u>84,067</u>	<u>31,334</u>	<u>--</u>	<u>252,102</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 136,701</u>	<u>\$ 84,067</u>	<u>\$ 31,334</u>	<u>\$ --</u>	<u>\$ 252,102</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Grant Fund</u>	<u>Total</u>
REVENUES					
Other Taxes	\$ --	\$ 84,998	\$ --	\$ --	\$ 84,998
Interest, Rents and Royalties	368	95	39	--	502
Intergovernmental Revenue	559,215	--	--	5,095	564,310
Contributions from Private Sources	<u>--</u>	<u>--</u>	<u>2,150</u>	<u>--</u>	<u>2,150</u>
TOTAL REVENUES	<u>559,583</u>	<u>85,093</u>	<u>2,189</u>	<u>5,095</u>	<u>651,960</u>
EXPENDITURES					
Public Safety	--	--	--	3,095	3,095
Highways and Streets	580,342	68,594	--	--	648,936
Culture and Recreation	<u>--</u>	<u>--</u>	<u>12,680</u>	<u>2,000</u>	<u>14,680</u>
TOTAL EXPENDITURES	<u>580,342</u>	<u>68,594</u>	<u>12,680</u>	<u>5,095</u>	<u>666,711</u>
Changes in Fund Balances	(20,759)	16,499	(10,491)	--	(14,751)
Fund Balances – January 1, 2013	<u>157,460</u>	<u>67,568</u>	<u>41,825</u>	<u>--</u>	<u>266,853</u>
Fund Balances – December 31, 2013	<u>\$ 136,701</u>	<u>\$ 84,067</u>	<u>\$ 31,334</u>	<u>\$ --</u>	<u>\$ 252,102</u>