

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2008**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2008**

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**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Springettsbury Township  
York, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the Springetts Ambulance Club, Inc. Accounting principles generally accepted in the United States of America require the financial data for all component units to be reported with the financial data of the Township's primary government unless the Township also issues financial statements for the financial reporting entity that include the financial data for all of the component units. The Township has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the Springetts Ambulance Club, Inc. were not made available by the Organization and are not included in the discretely presented component units.

In our opinion, except for the effects of omitting a discretely presented component unit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages a through j and 36 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Springettsbury Township  
York, Pennsylvania

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
June 2, 2009

SPRINGETTSBURY TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008

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. For Audit 2006, we provided comparative columns for years 2005 and 2006 audit years and continue this comparison now with 2007 and 2008 audit years.

Statement 34 also allowed for certain transition treatments regarding the Township's infrastructure. The Township elected to implement general infrastructure reporting with the 2004 audit report. 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, 2008. In addition, referenced tables also have been prepared to provide 2007 and 2008 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 \$97,152,188. Of this amount \$53,077,475 represents the Township's business-type activities (sewer utility) and \$44,074,713 general governmental activities. These figures are specifically shown on page one of the financial statements.

The costs of all Township programs totaled \$22,658,471 (page three).

The Township made a payment of bond principal amounting to \$845,000 in 2008.

The Township completed \$710,747 in capital projects for equipment, parks, road construction and improvements to the Township's capital assets during 2008. The Township accepted dedication of \$350,099 of infrastructure improvements.

The Township's Sewer Utility also accomplished some \$4,132,948 in construction and improvements to capital plant assets.

## FINANCIAL STATEMENTS

The Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. These statements include 1) government overall financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) supplementary information.

The Statement of Net Assets and Statement of Activities (pages 1-3) provide information about the activities of the Township as a whole. Fund financial statements beginning on page 6 show how services have been financed. Fund financial statements also report the Township's operations in more detail by providing information about the Township's most significant funds.

One of the most important questions asked about the Township's finances can be stated as, "Is the Township as a whole better off or worse off as a result of the year ending results?" The Statement of Net Assets and the Statement of Activities report information about the Township in a way that assists in answering the question. These statements include all assets and liabilities using the accrual basis of accounting. This accounting is used in most private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two primary statements report the Township's net assets and changes in them. One can think of the Township's net assets – the difference between assets and liabilities – as one way to measure the Township's financial health or financial position. Over periods of time, increases or decreases in the Township's net assets is an important indicator of whether its financial health is improving or deteriorating. One can also consider other non-financial factors such as changes in the property tax base and the condition of Township infrastructure in order to more accurately assess the overall condition of the Township.

In the Statement of Net Assets and the Statement of Activities the Township is basically divided into two kinds of activities.

**Governmental Activities** – Most of the Township's basic services are reported here. This includes administration, community development, finance, fire, police, public works, and recreation. Property and Earned Income taxes, Licenses/Permits, Fines, and Intergovernmental revenues support most of these activities.

**Business-Type Activities** – The Township charges a fee to its sewer utility customers to cover the cost of the sewer utility services the Township provides. Therefore, the Township's Waste Water Utility operations are reported as the sole Business Type Activities.

## Most Significant Funds

The fund financial statements provide detailed information about the most significant funds of the Township. While some funds are required to be established by Township Code, the Township Supervisors establish other funds to appropriate and manage Township expenditures for particular purposes (the Township's road maintenance program as part of the capital projects fund) or to demonstrate that the Township is meeting legal responsibilities for using specific Township monies (Waste Reserve – Liquid Fuels, Petitioned Street Lighting). The Township's two kinds of funds – governmental and proprietary use different accounting approaches.

Governmental Funds – Most of the Township's basic services are reported in governmental funds which focus on how money flows into and out of these funds and the balances left at year end. These funds are reported using an accounting method referred to as modified accrual accounting. This method measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services being provided.

Proprietary Funds – When the Township charges customers for services, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

## The Township as Trustee

Springettsbury Township as the local government entity is the trustee, or fiduciary, for the Police Pension, Fire Pension, and other non-uniformed pension funds; as well as a Private Purpose Trust Library Fund and the Schenck (Recreation) Trust as well as an Agency (Escrow) Fund. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets as shown on pages 12 and 13. These statements are excluded from the Township's other financial statements because the Township cannot use these assets to support its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their specific stated purposes.

## The Township Overall

In accordance with GASB Statement No. 34, the Township was not required to restate fiscal periods prior to December 31, 2003 for the purpose of providing comparative information. For the 2008 year a more comprehensive analysis of Government-wide information is being presented by comparing 2007 and 2008 audit years.

### Government-Wide Statements

#### Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

	Statement of Net Assets December 31					
	2007			2008		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets	7,943,776	20,500,781	28,444,557	6,765,838	17,612,519	24,378,357
Capital Assets	38,328,736	32,837,639	71,166,375	37,308,875	35,464,956	72,773,831
Total Assets	46,272,512	53,338,420	99,610,932	44,074,713	53,077,475	97,152,188
Current Term Liabilities	1,085,004	1,831,716	2,916,720	1,048,429	750,364	1,798,793
Other (Non-Current)	1,850,694	9,540,068	11,390,762	1,688,346	9,219,000	10,907,346
Total Liabilities	2,935,698	11,371,784	14,307,482	2,736,775	9,969,364	12,706,139
 Net Assets						
Invested in Capital Assets (Net of Related Debt)	36,124,736	30,835,916	66,960,652	35,495,875	30,648,586	66,144,461
Restricted	778,098	3,855,766	4,633,864	613,682	4,520,890	5,134,572
Unrestricted	6,433,980	7,274,954	13,708,934	5,228,381	7,938,635	13,167,016
Total Net Assets	43,336,814	41,966,636	85,303,450	41,337,938	43,108,111	84,446,049
Total Liabilities and Net Assets	46,272,512	53,338,420	99,610,932	44,074,713	53,077,475	97,152,188

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

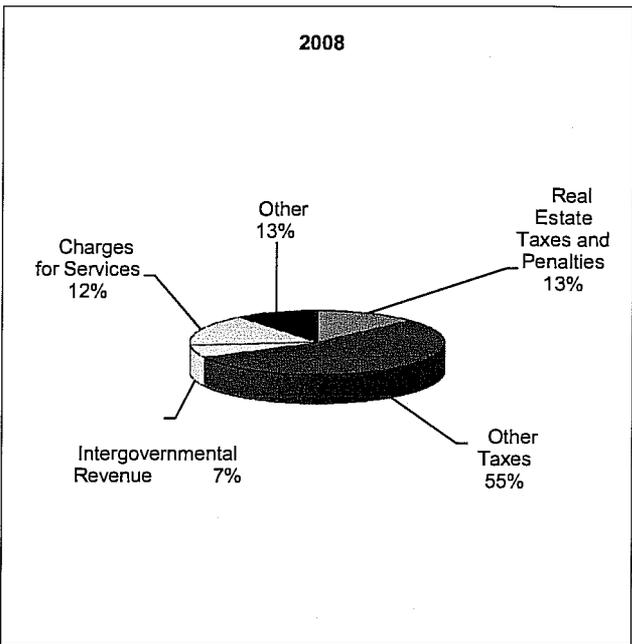
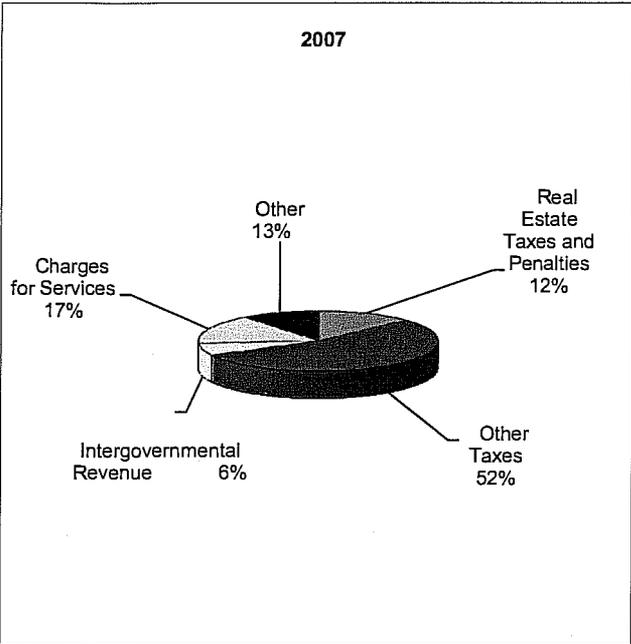
The Township's combined net assets for 2008 amounted to \$84,446,049. Net Assets for Business-type activities (sewer utility operations) amounted to \$43,108,111. The Township's unrestricted net assets for governmental activities which represent the amount of net assets that can be used to operate day to day services stood at \$5,228,381.

The following charts present the Township's revenues and expenditures by fund type. They are shown in more detail on page 6 of the financial statements

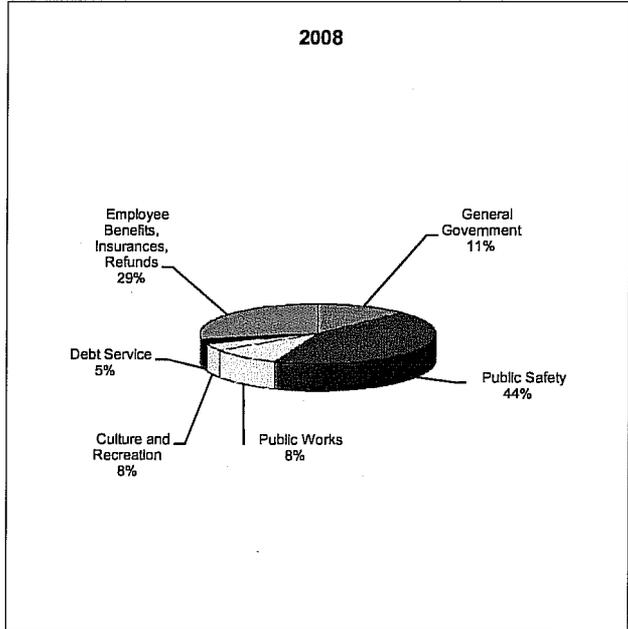
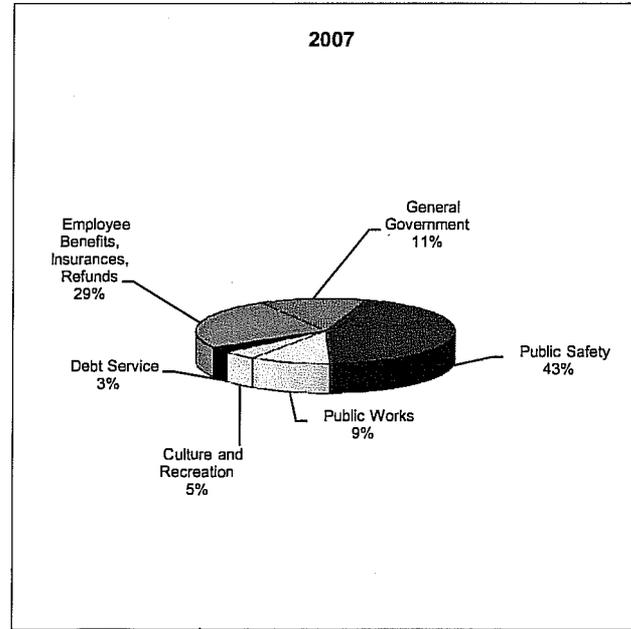
Statement of Revenues and Expenditures and  
Changes in Fund Balances  
December 31

	2007			2008		
	General Fund	Other Funds	Total Governmental Funds	General Fund	Other Funds	Total Governmental Funds
<b>Revenues</b>						
Real Estate Taxes and Penalties	\$1,303,234	\$363,766	\$1,667,000	\$1,706,048	\$44,416	\$1,750,464
Other Taxes	5,902,573	-	5,902,573	6,475,879	-	6,475,879
Intergovernmental Revenue	751,326	1,539,321	2,290,647	773,312	1,153,029	1,926,341
Charges for Services	1,864,651	93,902	1,958,553	1,451,594	93,714	1,545,308
Other	1,506,458	186,043	1,692,501	1,367,717	41,204	1,408,921
<b>Total Revenues</b>	<b>\$11,328,242</b>	<b>\$2,183,032</b>	<b>\$13,511,274</b>	<b>\$11,774,550</b>	<b>\$1,332,363</b>	<b>\$13,106,913</b>
<b>Expenditures</b>						
General Government	\$1,225,895	\$40,607	\$1,266,502	\$1,239,794	\$18,487	\$1,258,281
Public Safety	4,696,234	402,724	5,098,958	5,027,909	443,075	5,470,984
Public Works (Highways, Sanitation, Other)	950,886	1,880,394	2,831,280	905,511	1,196,176	2,101,687
Culture and Recreation	578,735	129,729	708,464	590,527	579,199	1,169,726
Debt Service	266,955	197,889	464,844	257,205	207,524	464,729
Employee Benefits, Insurance and Other	3,206,234	-	3,206,234	3,319,543	-	3,319,543
<b>Total Expenditures</b>	<b>\$10,924,939</b>	<b>\$2,651,343</b>	<b>\$13,576,282</b>	<b>\$11,340,489</b>	<b>\$2,444,461</b>	<b>\$13,784,950</b>
<b>Other Financing Uses</b>						
Interfund Transfers	(55,491)	55,491	-	(645,000)	645,000	-
Refunds Expenditures/Revenues	46,496	-	46,496	30,007	11,303	41,310
Sale of Fixed Assets	6,099	-	6,099	-	-	-
Contribution to Authority	-	-	-	-	(484,636)	(484,636)
<b>Total Other Financing Uses</b>	<b>(2,896)</b>	<b>55,491</b>	<b>52,595</b>	<b>(614,993)</b>	<b>171,667</b>	<b>(443,326)</b>
<b>Net Changes in Fund Balances</b>	<b>400,407</b>	<b>(412,820)</b>	<b>(12,413)</b>	<b>(180,932)</b>	<b>(940,431)</b>	<b>(1,121,363)</b>
<b>Fund Balances:</b>						
January 1	\$4,084,613	\$3,168,572	\$7,253,185	\$4,485,020	\$2,755,752	\$7,240,772
December 31	\$4,485,020	\$2,755,752	\$7,240,772	\$4,304,088	\$1,815,321	\$6,119,409

# GENERAL FUND REVENUES



# EXPENDITURES



Business Type Activities  
Changes in Net Assets  
December 31

Outlined below is the Statement of Revenues and Expenditures for the Business Type Activities (Proprietary Funds) of the Township – “Sewer Fund”. More detail is shown on page 10.

	<u>December 31</u>	
	<u>BUSINESS TYPE ACTIVITIES</u>	
	Sewer Fund	
	<u>2007</u>	<u>2008</u>
Operating Revenues		
Charges for Services	\$ 6,679,996	\$ 7,383,751
Intergovernmental Revenues and Other	<u>13,815</u>	<u>11,132</u>
Total Operating Revenues	\$ 6,693,811	\$ 7,394,883
Operating Expenditures		
Costs of Services	4,520,435	4,842,780
Administration	189,724	223,315
Amortization and Depreciation	<u>1,474,122</u>	<u>1,686,378</u>
Total Operating Expenditures	6,184,281	6,752,473
Operating Income(Loss)	509,530	642,410
Non Operating Revenues (Expenditures)		
Tapping Fees	275,716	106,461
Investment Income	917,235	644,714
Bond Interest	(268,627)	(408,800)
Gain or Loss on Sale of Assets	<u>816</u>	<u>805</u>
Total Non Operating Revenues (Expenditures)	925,140	343,180
Capital Contributions	226,204	155,885
Change in Net Assets	1,660,874	1,141,475
Total Net Assets - January 1	\$ 40,305,762	\$ 41,966,636
Total Net Assets - December 31	\$ 41,966,636	\$ 43,108,111

## GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was (\$180,932). This was primarily due to increased inter-fund transfers with specific emphasis upon the capital fund note payment. The actual General Fund balance for 2008 is \$4,304,088. Page six of the financial statements presents the detailed review.

## BUSINESS-TYPE ACTIVITIES

The change in net assets of business type activities (sewer fund) was \$1,141,475. This increase is primarily attributed to the continuing development taking place in the Township and the associated "tapping" fees of \$106,461 into the sewer "revenue stream". Page ten highlights these activities by specific numbers and analysis.

## THE TOWNSHIP'S FUNDS

### Governmental and Business Type Funds

As of 2008 year end, the governmental funds (please refer to page 6) reported a combined fund balance of \$6,119,409. Several of the governmental funds are capital expenditure related. For the proprietary business type funds at year end, the business type fund (Sewer Fund) reported net assets of \$43,108,111 which was \$1,141,475 more than at the beginning of the year. Please refer to page ten for a variety of specific changes presented.

## CAPITAL ASSETS AND DEBT ADMINISTRATION GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES

### Capital Assets

At the close of 2008, the Township had \$37,308,875 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Administration Building, Police and Public Works equipment. More detail is shown in the notes to the financial statements as summarized on page 23.

The Sewer Fund at the close of 2008 had net capital assets of \$35,464,956. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 22.

### Debt

At December 31, 2008 the Governmental long term debt stood at \$1,813,000 and the sewer fund debt at \$9,556,000. As reported in the Notes to the Financial Statements (pages 24- 25), during 2003 the Township refunded its general obligation notes Series 2001 and issued new general obligation bonds. These new bonds will mature annually until November 2009. The Township's general obligation bonds carry a AAA rating by Standard and Poor's. In addition, the Township had an additional borrowing of \$10,000,000 during 2007 for various capital improvements related to the Waste Water Utility system.

## BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of the fiscal year, the Township Budget was able to sustain a variety of changes to its expenditure plans. This was achieved based upon the Township's continuing revenue resources, constant financial monitoring by departmental staff, and the cooperative consideration of its legislative body. As has been described earlier, The Township's general fund balance actually decreased at the close of fiscal year 2008 by \$180,932, yet continues to remain substantial to safeguard for economic adjustments. The total general fund balance of \$4,304,088 has \$1,766,425 reserved to maintain the budgetary balance between revenues and expenditures for 2009.

For 2008, the total actual General Fund Revenues exceeded actual expenditures by \$434,061. This was primarily the result of the increased tax collections and charges for services received which reflect the continuing economic vitality of the Township. In addition, Springettsbury as the commercial center of York County continued the growth in its business privilege and mercantile taxes receipts along with a healthy real estate environment from the transfer tax. The financial statements provide a detailed break-down of these revenues on page thirty eight.

General Fund expenditures are monitored closely during the fiscal year and the Township is able to sustain extra expenses as required. As part of this financial monitoring during 2008, the insurance related expenses now shown totally in the general fund have contributed to consolidating the Township's professional services reporting and have enhanced overall financial management.

The Township's elected officials considered many factors when approving the Township Budget; the tax rate, fee schedules, and overall expenditure programs and plans for the new fiscal year. The prevailing economic conditions in the Township are always a major budgetary consideration due to the commercial base the Township maintains. Springettsbury Township has an economy concentrated in retail and service industries. Employment has been relatively stable compared to other areas in the Commonwealth. Business growth has been maintained. Continued stability is anticipated. The trend in building permits issued remains positive and is an indicator of the steady economic development in the Township and York area.

In addition, Springettsbury Township, as reported in previous highlights, experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000. This 10% growth factor represents the vitality of the Township's building activities.

General Fund expenditures have risen in recent years in large part to increases for insurance premiums, other fringe benefit expenditures, and the major expansion of Township recreation facilities. However, the Township's fund balance has been maintained based upon continuing budgetary management, revenues received from the property transfer tax, and an emphasis placed on Township's service fees.

## CONTACTING TOWNSHIP FINANCIAL MANAGEMENT

This financial report is designed to present to our residents, taxpayers, customers, investors and creditors a general overview of Township finances. Our effort is to demonstrate the Township's accountability for the monies it receives and expends. If you have any questions about this report or need additional information, please contact Jack Hadge, Springettsbury Township Finance Department 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521(extension 416).

**SPRINGETTSBURY TOWNSHIP**  
**YORK, PENNSYLVANIA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008**

	<u>Primary Government</u>			<u>Component Unit Development Authority</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 2,776,546	\$ 2,154,932	\$ 4,931,478	\$ 765,093
Investments	2,930,857	6,261,145	9,192,002	--
Taxes Receivable, Net	431,961	--	431,961	--
Internal Balances	48,860	(48,860)	--	--
Accounts Receivable	483,411	213,674	697,085	--
Due from Other Governments	94,203	--	94,203	1,583,000
Prepaid Expenses	--	33,879	33,879	--
<b>Total Current Assets</b>	<u>6,765,838</u>	<u>8,614,770</u>	<u>15,380,608</u>	<u>2,348,093</u>
<b>Noncurrent Assets:</b>				
<b>Other Assets</b>				
Restricted Assets – Investments	--	8,992,401	8,992,401	--
Bond Issuance Costs (Net of Accumulated Amortization)	--	5,348	5,348	--
<b>Total Other Assets</b>	<u>--</u>	<u>8,997,749</u>	<u>8,997,749</u>	<u>--</u>
<b>Capital Assets</b>				
Land and Right of Ways	1,847,827	1,092,987	2,940,814	--
Buildings	7,063,457	--	7,063,457	--
Improvements (Other than Buildings)	5,028,944	--	5,028,944	--
Construction in Progress	48,420	926,929	975,349	--
Machinery and Equipment	2,036,125	3,945,954	5,982,079	--
Infrastructure Assets	48,190,568	--	48,190,568	--
Collection Lines	--	22,444,386	22,444,386	--
Treatment Plant	--	31,049,053	31,049,053	--
Less: Accumulated Depreciation	<u>(26,906,466)</u>	<u>(23,994,353)</u>	<u>(50,900,819)</u>	<u>--</u>
<b>Total Capital Assets</b>	<u>37,308,875</u>	<u>35,464,956</u>	<u>72,773,831</u>	<u>--</u>
<b>Total Noncurrent Assets</b>	<u>37,308,875</u>	<u>44,462,705</u>	<u>81,771,580</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u>\$ 44,074,713</u>	<u>\$ 53,077,475</u>	<u>\$ 97,152,188</u>	<u>\$ 2,348,093</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

	Primary Government			Component Unit Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 249,004	\$ 334,708	\$ 583,712	\$ 187,618
Current Portion of Long-Term Debt	402,000	337,000	739,000	--
Accrued Salaries and Wages	336,363	76,616	412,979	--
Payroll Deductions and Withholdings	471	--	471	--
Other Current Liabilities	58,317	2,040	60,357	--
Deferred Revenue	<u>2,274</u>	<u>--</u>	<u>2,274</u>	<u>--</u>
<b>Total Current Liabilities</b>	<u>1,048,429</u>	<u>750,364</u>	<u>1,798,793</u>	<u>187,618</u>
<b>Noncurrent Liabilities:</b>				
Bonds/Notes Payable	1,813,000	9,556,000	11,369,000	5,056,000
Current Portion of Long-Term Debt	(402,000)	(337,000)	(739,000)	--
Long-Term Portion of Compensated Absences	26,694	--	26,694	--
Other Post-Employment Benefits	<u>250,652</u>	<u>--</u>	<u>250,652</u>	<u>--</u>
<b>Total Noncurrent Liabilities</b>	<u>1,688,346</u>	<u>9,219,000</u>	<u>10,907,346</u>	<u>5,056,000</u>
<b>TOTAL LIABILITIES</b>	<u>2,736,775</u>	<u>9,969,364</u>	<u>12,706,139</u>	<u>5,243,618</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	35,495,875	30,648,586	66,144,461	--
Restricted	613,682	4,520,890	5,134,572	--
Unrestricted	<u>5,228,381</u>	<u>7,938,635</u>	<u>13,167,016</u>	<u>(2,895,525)</u>
<b>TOTAL NET ASSETS</b>	<u>41,337,938</u>	<u>43,108,111</u>	<u>84,446,049</u>	<u>(2,895,525)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 44,074,713</u>	<u>\$ 53,077,475</u>	<u>\$ 97,152,188</u>	<u>\$ 2,348,093</u>

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General Government	\$ 1,351,437	\$ 596,181	\$ 4,992	\$ --	\$ (750,264)	\$ --	\$ (750,264)	\$ --
Public Safety	5,577,469	1,304,426	372,398	--	(3,900,645)	--	(3,900,645)	--
Sanitation	38,005	93,714	105,320	--	161,029	--	161,029	--
Highways and Streets	3,526,199	16,601	685,837	84,300	(2,739,461)	--	(2,739,461)	--
Other Public Works	150	--	--	--	(150)	--	(150)	--
Culture and Recreation	875,378	207,271	18,940	171,070	(478,097)	--	(478,097)	--
Employee Benefits, Insurance and Other	4,054,831	578,482	516,186	--	(2,960,163)	--	(2,960,163)	--
Interest on Long-Term Debt	73,729	--	--	--	(73,729)	--	(73,729)	--
<b>Total Governmental Activities</b>	<b>15,497,198</b>	<b>2,796,675</b>	<b>1,703,673</b>	<b>255,370</b>	<b>(10,741,480)</b>	<b>--</b>	<b>(10,741,480)</b>	<b>--</b>
<b>Business-Type Activities:</b>								
Sewer	7,161,273	7,390,775	111,374	--	--	340,876	340,876	--
<b>Total Primary Government</b>	<b>\$22,658,471</b>	<b>\$10,187,450</b>	<b>\$ 1,815,047</b>	<b>\$ 255,370</b>	<b>(10,741,480)</b>	<b>340,876</b>	<b>(10,400,604)</b>	<b>--</b>
<b>Component Units:</b>								
Springettsbury Township Development Authority	\$ 439,831	\$ --	\$ 568,392	\$ 484,636	--	--	--	613,197
<b>Total Component Unit</b>	<b>\$ 439,831</b>	<b>\$ --</b>	<b>\$ 568,392</b>	<b>\$ 484,636</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>613,197</b>
<b>General Revenues:</b>								
Property Taxes, Levied for General Purposes, Net					1,750,464	--	1,750,464	--
Mercantile, Business Privilege and Earned Income Taxes Levied for Specific Purposes, Net					6,475,879	--	6,475,879	--
Investment Earnings					160,991	644,714	805,705	78,127
Miscellaneous Income					5,171	--	5,171	--
Capital Contribution - Developers					350,099	155,885	505,984	--
<b>Total General Revenues</b>					<b>8,742,604</b>	<b>800,599</b>	<b>9,543,203</b>	<b>78,127</b>
<b>Change in Net Assets</b>					<b>(1,998,876)</b>	<b>1,141,475</b>	<b>(857,401)</b>	<b>691,324</b>
<b>Net Assets - January 1, 2008 (Restated - Note 18)</b>					<b>43,336,814</b>	<b>41,966,636</b>	<b>85,303,450</b>	<b>(3,586,849)</b>
<b>Net Assets - December 31, 2008</b>					<b>\$41,337,938</b>	<b>\$43,108,111</b>	<b>\$84,446,049</b>	<b>\$ (2,895,525)</b>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
		<u>Capital Improvement</u>	<u>Grant Fund</u>		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 866,199	\$ 355,175	\$ --	\$ 1,555,172	\$ 2,776,546
Investments	2,906,338	--	--	24,519	2,930,857
Taxes Receivable (Net)	431,961	--	--	--	431,961
Due from Other Funds	307,466	86,958	--	25,772	420,196
Accounts Receivable	307,373	23,519	151,797	722	483,411
Due from Other Governments	<u>24,139</u>	<u>21,538</u>	<u>48,526</u>	<u>--</u>	<u>94,203</u>
<b>TOTAL ASSETS</b>	<u>\$4,843,476</u>	<u>\$ 487,190</u>	<u>\$ 200,323</u>	<u>\$ 1,606,185</u>	<u>\$ 7,137,174</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due to Other Funds	\$ 2,137	\$ 216,413	\$ 150,386	\$ 2,400	\$ 371,336
Accounts Payable	139,826	33,995	49,937	25,246	249,004
Accrued Salaries and Wages	336,363	--	--	--	336,363
Payroll Deductions and Withholdings	471	--	--	--	471
Other Liabilities	58,317	--	--	--	58,317
Deferred Revenues	<u>2,274</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,274</u>
<b>TOTAL LIABILITIES</b>	<u>539,388</u>	<u>250,408</u>	<u>200,323</u>	<u>27,646</u>	<u>1,017,765</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund – Undesignated	2,437,663	--	--	--	2,437,663
General Fund – Designated	100,000	--	--	--	100,000
Reserved:					
General Fund	1,766,425	--	--	--	1,766,425
Special Revenue Funds	--	--	--	1,412,455	1,412,455
Capital Projects Funds	<u>--</u>	<u>236,782</u>	<u>--</u>	<u>166,084</u>	<u>402,866</u>
<b>TOTAL FUND BALANCES</b>	<u>4,304,088</u>	<u>236,782</u>	<u>--</u>	<u>1,578,539</u>	<u>6,119,409</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$4,843,476</u>	<u>\$ 487,190</u>	<u>\$ 200,323</u>	<u>\$ 1,606,185</u>	<u>\$ 7,137,174</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

<b>Total Fund Balances – Governmental Funds</b>	\$ 6,119,409
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is <b>\$64,215,341</b> , and the accumulated depreciation is <b>\$26,906,466</b> .	37,308,875
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	(1,813,000)
Compensated absences	(26,694)
Other post-employment benefits	<u>(250,652)</u>
	<u>(2,090,346)</u>
<b>TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 41,337,938</u></b>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Fund	Major Funds		Nonmajor Funds	Total Governmental Funds
		Capital Improvement	Grant Fund		
<b>REVENUES</b>					
Real Estate Taxes and Penalties	\$ 1,706,048	\$ --	\$ --	\$ 44,416	\$ 1,750,464
Other Taxes	6,475,879	--	--	--	6,475,879
Licenses and Permits	359,043	--	--	--	359,043
Fines and Forfeits	313,842	--	--	--	313,842
Interest, Rents and Royalties	127,011	3,503	--	30,477	160,991
Intergovernmental Revenues	773,312	114,197	485,834	552,998	1,926,341
Charges for Services	1,451,594	--	--	93,714	1,545,308
Miscellaneous	5,171	--	--	--	5,171
Reimbursements	562,650	--	--	--	562,650
Contributions from Private Sources	--	--	--	7,224	7,224
<b>TOTAL REVENUES</b>	<u>11,774,550</u>	<u>117,700</u>	<u>485,834</u>	<u>728,829</u>	<u>13,106,913</u>
<b>EXPENDITURES</b>					
General Government	1,239,794	825	17,662	--	1,258,281
Public Safety	5,027,909	--	201,085	241,990	5,470,984
Highways and Street	905,511	321,377	84,301	781,296	2,092,485
Sanitation	--	--	--	9,052	9,052
Other Public Works	--	--	--	150	150
Culture and Recreation	590,527	364,280	182,786	32,133	1,169,726
Debt Service	257,205	207,524	--	--	464,729
Employee Benefits, Insurance and Other	3,319,543	--	--	--	3,319,543
<b>TOTAL EXPENDITURES</b>	<u>11,340,489</u>	<u>894,006</u>	<u>485,834</u>	<u>1,064,621</u>	<u>13,784,950</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>434,061</u>	<u>(776,306)</u>	<u>--</u>	<u>(335,792)</u>	<u>(678,037)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers	(645,000)	725,000	--	(80,000)	--
Refund of Prior Year Expenditures	30,007	--	--	11,303	41,310
Contribution to Authority	--	(484,636)	--	--	(484,636)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(614,993)</u>	<u>240,364</u>	<u>--</u>	<u>(68,697)</u>	<u>(443,326)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(180,932)	(535,942)	--	(404,489)	(1,121,363)
<b>FUND BALANCES: JANUARY 1, 2008</b>	<u>4,485,020</u>	<u>772,724</u>	<u>--</u>	<u>1,983,028</u>	<u>7,240,772</u>
<b>FUND BALANCES: DECEMBER 31, 2008</b>	<u>\$ 4,304,088</u>	<u>\$ 236,782</u>	<u>\$ --</u>	<u>\$ 1,578,539</u>	<u>\$ 6,119,409</u>

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  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Total net change in fund balance – governmental funds** \$ (1,121,363)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense \$ (2,132,008)

Capital outlays 1,146,745 (985,263)

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 391,000

The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets (34,598)

Some expenditures reported in the governmental funds do not require the use of current financial resources and, however, the payment of compensated absences results in a reduction of the liability account. 2,000

Decrease in compensated absences

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. (250,652)

**Change in net assets of governmental activities** \$ (1,998,876)

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

	<u><b>Business-Type Activities Sewer Fund</b></u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 2,154,932
Investments	6,261,145
Accounts Receivable	213,674
Prepaid Expenses	<u>33,879</u>
<b>Total Current Assets</b>	<u>8,663,630</u>
<b>Noncurrent Assets:</b>	
<b>Other Assets</b>	
Restricted Assets	8,992,401
Bond Issuance Costs (Net of Accumulated Amortization)	<u>5,348</u>
<b>Total Other Assets</b>	<u>8,997,749</u>
<b>Capital Assets</b>	
Land and Right of Ways	1,092,987
Machinery and Equipment	3,945,954
Collection Lines	22,444,386
Treatment Plant	31,049,053
Construction in Progress	926,929
Less: Accumulated Depreciation	<u>(23,994,353)</u>
<b>Total Capital Assets, Net</b>	<u>35,464,956</u>
<b>Total Noncurrent Assets</b>	<u>44,462,705</u>
<b>TOTAL ASSETS</b>	<u>\$ 53,126,335</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

	<u><b>Business-Type Activities Sewer Fund</b></u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 334,708
Accrued Salaries and Wages	76,616
Other Accrued Liabilities	2,040
Due to Other Funds	48,860
Current Portion of Long-Term Debt	<u>337,000</u>
<b>Total Current Liabilities</b>	<u>799,224</u>
<b>Noncurrent Liabilities:</b>	
Bonds Payable	160,000
Note Payable	9,396,000
Current Portion of Long-Term Debt	<u>(337,000)</u>
<b>Total Noncurrent Liabilities</b>	<u>9,219,000</u>
<b>TOTAL LIABILITIES</b>	<u>10,018,224</u>
<b>NET ASSETS</b>	
Investment in Capital Assets, Net of Related Debt	30,648,586
Restricted	4,520,890
Unrestricted	<u>7,938,635</u>
<b>TOTAL NET ASSETS</b>	<u>43,108,111</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 53,126,335</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u><b>Business-Type Activities Sewer Fund</b></u>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 7,383,751
Intergovernmental Revenue	4,913
Refund of Prior Year Expenses	<u>6,219</u>
<b>TOTAL OPERATING REVENUES</b>	<u>7,394,883</u>
<b>OPERATING EXPENSES</b>	
Cost of Services	4,842,780
Administration	223,315
Amortization	24,862
Depreciation	<u>1,661,516</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>6,752,473</u>
<b>OPERATING INCOME</b>	<u>642,410</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Tapping Fees	106,461
Investment Income	644,714
Interest Expense	(408,800)
Gain on Disposal of Capital Assets	<u>805</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>343,180</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	985,590
<b>CAPITAL CONTRIBUTIONS</b>	<u>155,885</u>
<b>CHANGE IN NET ASSETS</b>	1,141,475
<b>TOTAL NET ASSETS – JANUARY 1, 2008</b>	<u>41,966,636</u>
<b>TOTAL NET ASSETS – DECEMBER 31, 2008</b>	<u>\$ 43,108,111</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u><b>Business-Type Activities Sewer Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Users	\$ 7,365,173
Cash Payments to Employees for Services	(1,275,341)
Cash Payments to Suppliers for Goods and Services	(3,498,304)
Cash Payments for Other Operating Expenses	<u>(481,168)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,110,360</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
	<u>—</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition, Construction and Improvement of Capital Assets	(4,132,948)
Decrease in Restricted Assets	3,814,397
Tapping Fees Received	106,461
Principal Payments	(1,204,000)
Proceeds of Sale of Capital Assets	805
Debt Interest Payments	<u>(408,800)</u>
<b>NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,824,085)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	644,714
(Purchase) Maturity of Investments – Net	<u>(264,369)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>380,345</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	666,620
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<u>1,488,312</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u>\$ 2,154,932</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for)</b>	
<b>Operating Activities:</b>	
<b>Operating Income</b>	<u>\$ 642,410</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>	
Depreciation	1,661,516
Amortization	24,862
(Increase) Decrease in Accounts Receivable	(29,710)
(Increase) Decrease in Prepaid Expense	(25,379)
Increase (Decrease) in Accounts Payable	(228,018)
Increase (Decrease) in Accrued Salaries and Benefits	13,666
Increase in Interfund Balances	<u>51,013</u>
<b>Total Adjustments</b>	<u>1,467,950</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 2,110,360</u>
<b>NONCASH TRANSACTIONS</b>	
Capital Contribution from Developers	<u>\$ 155,885</u>

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008

	Pension Trust					Private Purpose Trust Fund Library Fund	Schenck Trust Fund	Agency Fund Escrow Fund
	Paid Firemen's Defined Contributions	Paid Firemen's Defined Benefit Plan	Non- Uniform Pension Fund	Police Pension Fund				
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 195,525	\$ 53,211	\$ 189,056
Investments	<u>162,931</u>	<u>2,345,100</u>	<u>5,013,778</u>	<u>8,226,888</u>	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 162,931</u>	<u>\$ 2,345,100</u>	<u>\$ 5,013,778</u>	<u>\$ 8,226,888</u>		<u>\$ 195,525</u>	<u>\$ 53,211</u>	<u>\$ 189,056</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,469	\$ --	\$ 10,943
Due to Developers	--	--	--	--	--	--	--	<u>178,113</u>
<b>TOTAL LIABILITIES</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,469</u>	<u>\$ --</u>	<u>\$ 189,056</u>
<b>NET ASSETS</b>								
Held in the Trust:								
Pension Benefits	162,931	2,345,100	5,013,778	8,226,888	--	--	--	--
Other Purposes	--	--	--	--	--	<u>190,056</u>	<u>53,211</u>	--
<b>TOTAL NET ASSETS</b>	<u>162,931</u>	<u>2,345,100</u>	<u>5,013,778</u>	<u>8,226,888</u>		<u>190,056</u>	<u>53,211</u>	<u>--</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 162,931</u>	<u>\$ 2,345,100</u>	<u>\$ 5,013,778</u>	<u>\$ 8,226,888</u>		<u>\$ 195,525</u>	<u>\$ 53,211</u>	<u>\$ 189,056</u>

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Pension Trust					Private Purpose Trust Fund Library Fund	Schenck Trust Fund
	Paid Firemen's Pension Defined Contributions	Firemen's Pension Defined Benefit	Non- Uniform Pension Fund	Police Pension Fund			
<b>ADDITIONS</b>							
State Contributions – Act 205	\$ --	\$ 56,930	\$ --	\$ 459,255	\$ --	\$ --	\$ --
Municipal Contributions	--	150,499	298,357	15,129	--	--	--
Employee Contributions	--	40,290	64,517	89,865	--	--	--
Other Contributions	--	--	--	--	--	--	12,000
Investment Income	164	11,347	614	204,604	6,015	6,015	479
<b>TOTAL ADDITIONS</b>	164	259,066	363,488	768,853	6,015	6,015	12,479
<b>DEDUCTIONS</b>							
Distributions and Benefit Payments	33,577	129,564	22,891	584,720	--	--	--
Miscellaneous Expenses	--	17,825	5,058	53,057	--	--	--
Contribution to Libraries	--	--	--	--	6,015	6,015	--
Unrealized Loss on Investments	56,768	401,802	1,194,141	1,617,884	--	--	--
<b>TOTAL DEDUCTIONS</b>	90,345	549,191	1,222,090	2,255,661	6,015	6,015	--
<b>CHANGE IN NET ASSETS</b>	(90,181)	(290,125)	(858,602)	(1,486,808)	--	--	12,479
<b>NET ASSETS – JANUARY 1, 2008</b>	253,112	2,635,225	5,872,380	9,713,696	190,056	190,056	40,732
<b>NET ASSETS – DECEMBER 31, 2008</b>	\$ 162,931	\$ 2,345,100	\$ 5,013,778	\$ 8,226,888	\$ 190,056	\$ 190,056	\$ 53,211

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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 two component units: Springetts Ambulance Club, Inc. and Springettsbury Township Development Authority. Only the Springettsbury Township Development Authority has been reported in the component unit's column.

The component units' columns in the combined financial statements include the financial data of the Township's one component unit: Springettsbury Township Development Authority. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the Township. The financial information for the Springetts Ambulance Club, Inc. was not made available by the Organization. Audited financial statements of the Authority are available at the Township office.

Joint Venture

Springettsbury Township and Spring Garden Township created York Area United Fire and Rescue, a joint venture, in 2008. Springettsbury Township will fund 55% and Spring Garden Township will fund 45% of operating costs for fire services. The joint venture is not a component unit of Springettsbury Township. Audited financial statements for the York Area United Fire and Rescue are available at the Commission's office located at 3321 Whiteford Road, York, Pennsylvania 17402.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

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

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

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

The Township reports the following major governmental funds:

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

The grant fund is a special revenue that accounts for a large portion of grants that are operated for specific purposes by the Township.

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

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

The Township accounts for assets held by the Township in a trustee capacity in a private-purpose trust fund. This fund accounts for activities of the library fund, whose purpose is to provide resources to the library of the Township. This fund also accounts for the Schenck Trust fund, which was established for the maintenance of park improvements.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Additionally, the Township reports the following nonmajor governmental funds:

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The funds included in this category are:

- State Liquid Fuels Fund
- Petitioned Street Lighting Fund
- Fire Company Fund
- Subdivision Recreation Fund

The capital projects funds account for financial resources used for the acquisition, construction and maintenance of certain capital facilities. The funds included in this category are:

- Storm Water Reserve Fund
- Waste Reduction Reserve Fund

The Township also has two additional funds included in these financial statements.

The pension trust funds provide benefits for Township employees and employees of certain other related governmental agencies. The principal revenue sources for these funds are state contributions and employer and employee contributions. The funds included in this category are the Police Pension Fund, Paid Firemen's Pension Fund and Non-uniformed Pension Fund.

The escrow fund is an Agency fund created to hold escrows for Township developers. The escrows are used to cover engineering and other costs for the submission and review of developer plans.

D. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund, all Special Revenue Funds and all Capital Project Funds on a modified accrual basis of accounting.

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances. As of December 31, 2008, 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.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Proprietary Fund FASB Usage

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for proprietary activity financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

M. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest, which approximates fair value.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include non-facility related fixed asset purchases are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

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

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

**Cash**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2008, \$4,431,381 of the Township's bank balance of \$4,931,381 was exposed to custodial credit risk.

**Reconciliation to Financial Statements**

Uninsured Amount, but with Pledged Collateral under Act 72	\$ 4,431,381
Plus: Insured Amount	500,000
Deposits in Transit	26,463
Less: Outstanding Checks	<u>(26,666)</u>
Carrying Amount – Bank Balances	4,931,178
Plus: Petty Cash	<u>300</u>
<b>Total Cash per Financial Statements</b>	<b><u>\$ 4,931,478</u></b>

**Investments**

As of December 31, 2008, the Township had the following investments:

<u>Investment</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Smith Barney (CitiGroup Global Markets, Inc.)		
Government Bonds/Notes		
U.S. Treasury Notes	1 year	<u>\$ 503,528</u>
Total Government Bonds/Notes		503,528
Certificates of Deposit	1 - 4 years	11,271,676
Money Market Mutual Funds		1,669,569
Sovereign Government Investment Account		<u>4,739,630</u>
Total Investments		<b><u>\$18,184,403</u></b>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

Interest Rate Risk

The Township does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a weekly basis.

Credit Risk

The Township has an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2008 the Township's investments in Smith Barney (CitiGroup Global Markets, Inc.) were rated AA by Standard & Poor's.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township's investments with Smith Barney are held by Depository Trust Corporation (DTC). As of December 31, 2008, the Township's governmental and business-type investments were exposed to custodial risk as follows:

Insured or Registered	\$ 11,272,589
Uninsured or unregistered with securities held by counterparty's trust department (DTC)	1,669,569
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>5,242,245</u>
	<u>\$ 18,184,403</u>

Concentration of Credit Risk – Deposits and Investments

The Township's deposits and investments are held at the following financial institutions:

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Smith Barney – Investments	\$ 12,942,158	55.99%
Sovereign Bank	6,894,562	29.83%
Citizen's Bank	<u>3,278,861</u>	<u>14.18%</u>
	<u>\$ 23,115,581</u>	<u>100.00%</u>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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, 2008, \$248,736 of the Township's trust and agency funds bank balances of \$445,269 was exposed to custodial credit risk.

Reconciliation to Financial Statements

Uninsured Amount, but with Pledged Collateral under Act 72	\$	248,736
Plus: Insured Amount		196,533
Less: Outstanding Checks		<u>(7,477)</u>
Carrying Amount – Bank Balances		<u>437,792</u>
<b>Total Cash per Financial Statements</b>	<b>\$</b>	<b><u>437,792</u></b>

**Investments**

As of December 31, 2008, the Township had the following investments:

<u>Investment</u>		<u>Fair Value</u>
<u>ICMA Retirement Corporation</u>		
Non-Uniformed Pension Fund	\$	5,013,778
Firemen Pension Fund		162,931
<u>Fulton Financial Advisors</u>		
Firemen Pension Fund		2,345,100
Police Pension Fund		4,123,622
<u>Legacy Trust Company</u>		
Police Pension Fund		<u>4,103,266</u>
		<b><u>\$ 15,748,697</u></b>

The above investments include money market mutual funds, equity common trust funds, fixed income trust funds, U.S. government notes & bonds, corporate bonds, and common stocks.

Credit Risk

The Township does have an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2008 the Township's investments in ICMA Retirement Corporation, Fulton Financial Advisors and Legacy Trust Company were not rated by Standard & Poors.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

Concentration of Credit Risk – Deposits and Investments

The Township's deposits and investments are held at the following financial institutions:

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Fulton Financial Advisors	\$ 6,468,722	39.96%
ICMA Retirement Corp	5,176,709	31.98%
Legacy Trust Company	4,103,266	25.35%
Citizen's Bank	248,736	1.54%
Commerce Bank	<u>189,056</u>	<u>1.17%</u>
	<u>\$ 16,186,489</u>	<u>100.00%</u>

NOTE 5 – RESTRICTED ASSETS – INVESTMENTS

Note Proceeds held for Capital Projects	\$ 4,739,630
Capital Improvement Reserve - Sewer	<u>4,252,771</u>
Total Restricted Assets	<u>\$ 8,992,401</u>

The capital improvement reserve consists of investments reserved in accordance with an intermunicipal agreement for capital necessary for the purchase and/or replacement of capital assets associated with the operations of Springettsbury Township Waste Water Treatment Plant. The capital improvement reserve is accumulated from a depreciation charge to the connecting municipalities along with a 5% surcharge on transportation, shared pumping station expenses and debt service costs.

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-Type Activities as of December 31, 2008, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land and Right of Ways	\$ 1,092,987	\$ --	\$ --	\$ 1,092,987
Collection Lines	22,238,265	206,121	--	22,444,386
Treatment Plant	27,862,586	3,186,467	--	31,049,053
Construction in Progress	342,973	583,956	--	926,929
Machinery and Equipment	<u>3,633,665</u>	<u>312,289</u>	<u>--</u>	<u>3,945,954</u>
Total Capital Assets	<u>55,170,476</u>	<u>4,288,833</u>	<u>--</u>	<u>59,459,309</u>
Less: Accumulated Depreciation				
Collection Lines	7,793,640	562,189	--	8,355,829
Treatment Plant	11,790,545	910,468	--	12,701,013
Machinery and Equipment	<u>2,748,652</u>	<u>188,859</u>	<u>--</u>	<u>2,937,511</u>
Total Accumulated Depreciation	<u>22,332,837</u>	<u>1,661,516</u>	<u>--</u>	<u>23,994,353</u>
Business-Type Activities Capital Assets, Net	<u>\$32,837,639</u>	<u>\$ 2,627,317</u>	<u>\$ --</u>	<u>\$ 35,464,956</u>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)**

A summary of capital assets of the Governmental Activities for the year ended December 31, 2008, was:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 1,847,827	\$ --	\$ --	\$ 1,847,827
Buildings	6,878,996	184,461	--	7,063,457
Improvements (Other than Buildings)	4,510,794	518,150	--	5,028,944
Construction in Progress	154,877	48,420	(154,877)	48,420
Machinery and Equipment	2,370,238	106,256	(440,369)	2,036,125
Infrastructure Assets	<u>47,746,233</u>	<u>444,335</u>	<u>--</u>	<u>48,190,568</u>
Total Capital Assets	<u>63,508,965</u>	<u>1,301,622</u>	<u>(595,246)</u>	<u>64,215,341</u>
Less: Accumulated Depreciation				
Buildings	1,731,141	190,234	--	1,921,375
Improvements (Other than Buildings)	766,362	184,574	--	950,936
Machinery and Equipment	1,306,587	216,337	(405,771)	1,117,153
Infrastructure Assets	<u>21,376,139</u>	<u>1,540,863</u>	<u>--</u>	<u>22,917,002</u>
Total Accumulated Depreciation	<u>25,180,229</u>	<u>2,132,008</u>	<u>(405,771)</u>	<u>26,906,466</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,328,736</u>	<u>\$ (830,386)</u>	<u>\$ (189,475)</u>	<u>\$ 37,308,875</u>

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

Governmental Activities:	
General Government	\$ 93,156
Public Safety	162,891
Sanitation	28,953
Highways and Streets	1,621,068
Culture and Recreation	<u>225,940</u>
Total Depreciation Expense – Governmental Activities	<u>\$2,132,008</u>
Business-Type Activities:	
Sewer	<u>\$1,661,516</u>

**NOTE 7 – DUE TO/FROM OTHER FUNDS AND TRANSFERS**

Transfers

General Fund transferred \$725,000 to the Capital Improvement Fund for capital projects. Waste Reserve Fund transferred \$80,000 to assist with administration costs.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 7 – DUE TO/FROM OTHER FUNDS AND TRANSFERS (Continued)

The interfund receivables and payables balances at December 31, 2008 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 307,466	\$ 2,137
Subdivision Recreation Fund	25,232	--
Enterprise Fund	--	48,860
Capital Improvements Fund	86,958	216,413
Waste Reserve Fund	540	--
Grant Fund	--	150,386
Fire Company Fund	--	2,400
	<u>\$ 420,196</u>	<u>\$ 420,196</u>

Interfund balances consist of expenditures related to grants and debt service. Payments made by General Fund are not reimbursed by Capital Improvement and other funds. Sewer Fund owed General Fund for year-end payroll reimbursements.

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

	<u>Governmental Fund</u>
Balance as of January 1, 2008	\$ 2,204,000
Principal Retirements	<u>(391,000)</u>
Balance as of December 31, 2008	<u>\$ 1,813,000</u>
	<u>Enterprise Fund</u>
Balance as of January 1, 2008	\$10,760,000
Principal Retirements	<u>(1,204,000)</u>
Balance as of December 31, 2008	<u>\$ 9,556,000</u>

General Obligation Note 2007

On April 17, 2007, the Township issued 2007 general obligation notes in the amount of \$10,000,000. The purposes of the notes were to finance construction of Bio-Nutrient Removal Project. The notes bear interest rates ranging from 3.90% to 6.25% payable semi-annually. The notes mature annually from November 2008 to November 2027. The balance outstanding at December 31, 2008 was \$9,396,000.

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, 2008 was \$1,583,000 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.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

General Obligation Bond, 2003

On March 15, 2003, the Township issued general obligation bonds in the amount of \$6,810,000. The purposes of the bonds were to advance refund the Township's general obligation notes, Series of 2001 and the Series of 1993 and to pay certain costs and expenses related to the issuance of the bonds. The bonds bear interest rates ranging from 1.20% to 2.75% payable semi-annually. The bonds mature annually from November 2003 to November 2009. The balance outstanding at December 31, 2008 was \$390,000.

The General Fund portion is \$230,000 and the Enterprise portion is \$160,000, allocated respectively.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2008, are as follows:

General Obligation Bonds – 2003

Year Ended December 31,	General Fund			Enterprise Fund		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 230,000	\$ 6,325	\$ 236,325	\$ 160,000	\$ 4,400	\$ 164,400
	<u>\$ 230,000</u>	<u>\$ 6,325</u>	<u>\$ 236,325</u>	<u>\$ 160,000</u>	<u>\$ 4,400</u>	<u>\$ 164,400</u>

Springettsbury Township Development Authority – Note B

Year Ended December 31,	Capital Improvement Fund		
	Principal	Interest	Total
2009	\$ 172,000	\$ 54,023	\$ 226,023
2010	215,000	47,419	262,419
2011	223,000	40,186	263,186
2012	231,000	32,785	263,785
2013	239,000	24,938	263,938
2014-2016	503,000	25,516	528,516
	<u>\$1,583,000</u>	<u>\$ 224,867</u>	<u>\$ 1,807,867</u>

General Obligation Note 2007

Year Ended December 31,	Enterprise Fund		
	Principal	Interest	Total
2009	\$ 177,000	\$ 366,444	\$ 543,444
2010	348,000	359,541	707,541
2011	362,000	345,969	707,969
2012	376,000	331,851	707,851
2013	390,000	317,187	707,187
2014-2018	2,244,000	1,486,924	3,730,924
2019-2023	2,871,000	1,370,312	4,241,312
2024-2027	2,628,000	416,750	3,044,750
	<u>\$9,396,000</u>	<u>\$4,994,978</u>	<u>\$14,390,978</u>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 9 – COMPENSATED ABSENCES

Full-time, permanent employees and part-time employees, on a pro-rata basis, are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Township. Sick leave accrues to full-time, permanent employees and part-time employees, on a pro-rata basis, to specified maximums. Non-uniform and Teamsters employees receive none of their accumulated sick leave balance upon termination. Police officers and firefighters are not entitled to their proportionate sick leave balance until they retire. However, these employees historically remain with the Township until retirement. Normal retirement age for police is age 50 and having 25 years of service. Normal retirement age for firemen is age 55 and having 25 years of service. The Township implemented a policy in 2005 to report a liability for those police and fire fighters that are within 5 years of retirement.

For the year ended December 31, 2008, compensated absences changed as follows:

Beginning of year	\$ 28,694
Payout in 2007	(5,533)
Increase in Compensated Absences	<u>3,533</u>
End of Year	<u>\$ 26,694</u>

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

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Other post-employment benefits (OPEB), like pensions, are exchanges of salaries and benefits for future benefits to retain employees. The Township provides certain health care benefits to retired police and fire employees as required by union contracts. Medical (until age 65), dental, vision and prescription benefits require 50 percent co-pay by the retiree. During 2008, there were 13 eligible retirees with medical coverage, dental and vision coverage, and prescription coverage. The cost of retirees' retirement benefits is recognized as an expenditure at the time premiums are paid. Types of OPEB provided are governed by the respective Collective Bargaining Agreements of the police and the firefighters. The Township has not established a separate OPEB Plan Fund and is on the pay-as-you-go basis. The defined benefits OPEB plan is included in the Township's basic financial statements.

POLICE OFFICERS

An officer is eligible for coverage after attainment of age 50 and completion of 25 years of service or upon becoming permanently disabled as a result of a work-related injury. An officer will be eligible for coverage upon early retirement after 20 years of service; however, the officer must pay 105% of the premiums.

An eligible officer may receive medical, dental, prescription drug and vision benefits currently provided to active officers. All coverage ceases upon Medicare eligibility. Benefits are available to the retiree, spouse, and eligible dependents. A retired officer is not eligible for these benefits if the officer and/or spouse has comparable coverage elsewhere. If a retired officer loses their eligibility due to having comparable coverages and later loses the comparable coverages, the retired officer will be eligible to participate in the Township's postretirement benefits.

Upon death of a retired or disabled officer, the spouse and dependents may continue to be covered. Spouse coverage shall cease upon remarriage.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Actuarial Valuation

An actuarial study as of January 1, 2006 was completed by Conrad M. Siegel, Inc. on May 9, 2008 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, 2006; (1) a 5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) mortality life expectancies based on the GA 1983 table; (4) disability expectancies based on the SOA 1987 group LTD table, with 6 month elimination for males; (5) retirement latest of age 53, age at the completion of 25 years of service, or age on valuation date; (6) before age 62, 75% of eligible retirees assumed to elect coverage on retiring. Upon attainment of age 65, 100% of eligible retirees are assumed to elect coverage; (7) percent married at retirement and spouse age based on current marital status; (8) no other non-spousal dependents assumed; (9) per capita claims cost used; (10) retirees contribute 20% of the cost of insurance premiums, after 10 years of benefits received the contribution is 105% of the cost of premiums; (11) health care cost 10% in 2006, decreasing 1% per year to a rate of 5% in 2011 and later.

PAID FIREMEN

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

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

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

Actuarial Valuation

An actuarial study as of January 1, 2006 was completed by Conrad M. Siegel, Inc. on May 9, 2008 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, 2006; (1) a 5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) mortality life expectancies based on the GA 1983 table; (4) disability expectancies based on the SOA 1987 group LTD table, with 6 month elimination for males; (5) retirement latest of age 55, age at the completion of 25 years of service, or age on valuation date; (6) before age 62, 50% of eligible retirees assumed to elect coverage on retiring. Upon attainment of age 65, 100% of eligible retirees are assumed to elect coverage; (7) percent married at retirement and spouse age based on current marital status; (8) no other non-spousal dependents assumed; (9) per capita claims cost used; (10) retirees contribute 50% of the cost of insurance premiums; (10) health care cost 10% in 2006, decreasing 1% per year to a rate of 5% in 2011 and later.

Annual Required Contribution (ARC)

	<u>Police</u>	<u>Paid Firemen</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 276,054	\$ 109,403	\$ 385,457
Less: Estimated Pay-As-You-Go Cost	<u>79,251</u>	<u>55,554</u>	<u>134,805</u>
Net OPEB Obligation	<u>\$ 196,803</u>	<u>\$ 53,849</u>	<u>\$ 250,652</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 11 – PROPERTY TAXES

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. The schedule of property taxes levied for 2008 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

The property tax rate for all purposes in 2008 was .87 mills (\$.87 per \$1,000 assessed valuation).

NOTE 12 – 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 13 – COMMITMENT

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

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

2009	\$	831,000
2010		831,000
2011		831,000
2012		831,000
2013		831,000
2014-2018		4,155,000
2019-2023		978,000
2024		<u>30,000</u>
		<u>\$ 9,318,000</u>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 14 – PENSION PLANS

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

POLICE PENSION PLAN

Plan Description

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

Eligibility Requirements and Benefits Descriptions

All full-time members of the police force of Springettsbury Township are eligible to join the Plan upon employment. A participant is eligible for normal retirement after attainment of age 50 and completion of 25 years of service. A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

The normal retirement pension is payable monthly during the participant's lifetime, with payments continuing after the participant's death to the surviving spouse, provided the surviving spouse is not re-married, or to dependent children under age 18 in an amount equal to 50% of the initial amount payable to the participant. The amount of monthly pension is equal to 50% of average monthly pay plus \$50 per year for each year of service in excess of 25 years of service subject to a maximum increment of \$100 per month.

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

If a participant is disabled in the line of duty, he is eligible for disability pension. The disability pension is equal to the benefit upon the normal retirement formula reduced by Workers' Compensation, by 100% of Primary Social Security benefits and by any benefits received from any disability insurance contracts for which premiums have been paid in whole or in part by the Township.

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 fully funded; therefore, member contributions have been suspended.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 14 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Contributions and Funding Policy (Continued)

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan and the annual pension cost contributed for the years ended December 31, 1999 through December 31, 2008 were as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
1999	157,630	157,630	100.0%
2000	66,221	71,732	100.0%+
2001	52,306	52,306	100.0%
2002	77,160	78,901	100.0%+
2003	181,971	181,971	100.0%
2004	221,228	222,000	100.0%+
2005	432,744	436,000	100.0%+
2006	398,808	398,808	100.0%
2007	466,890	466,890	100.0%
2008	474,384	474,384	100.0%

(1) Includes general municipal pension system state aid.

Actuarial Valuation

An actuarial study as of January 1, 2007 was completed by Conrad M. Siegel, Inc. on August 3, 2007. 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, 2007; (1) a 7.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) pre-retirement mortality life expectancies based on the UP 1984 table; (4) post-retirement mortality life expectancies based on the UP 1984 table, with 5 year age setback for females; no age setback for males; (5) loading of 5% added to basic pension costs for disability; (6) death benefit cost computed on the assumption that all participants will have spouses of the same age at the date of eligibility of the benefit; (7) projected salary increases of 5% per year; (8) normal retirement age; (9) provision for administrative expenses added to normal cost; (10) moderate inflation based on long-term historical average rate, and (11) actuarial value of assets based on market value as determined by the trustee. (12) Cost of living increases – 4%/year effective after 5 years with a maximum increase of 30%.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and estimated to be payable in the future as a result of employee service to date.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 14 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Actuarial Valuation (Continued)

Historical trend information required to be disclosed, beginning as of January 1, 1999 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded/ (Underfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability/ Funding Excess (Deficit) as a Percentage of Payroll</u>
1/1/1999	7,909,775	6,678,857	1,230,918	118.4%	1,409,423	87.3%
1/1/2000	8,021,413					
1/1/2001	8,135,507	7,407,787	727,720	109.8%	1,303,217	55.8%
1/1/2002	7,495,864					
1/1/2003	6,950,391	8,243,946	(1,293,555)	84.3%	1,544,695	(83.7%)
1/1/2004	7,673,250					
1/1/2005	8,084,958	9,433,418	(1,348,460)	85.7%	1,720,759	(78.4%)
1/1/2006	8,438,716					
1/1/2007	9,193,690	10,563,398	(1,369,708)	87.0%	2,059,773	(66.5%)
1/1/2008	9,713,696					

NON-UNIFORMED AND PAID FIREMEN'S PENSION PLANS

Plan Descriptions

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

Paid Fireman's Pension Plan

Plan Description

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 14 – PENSION PLANS (Continued)

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

Eligibility Requirements and Benefits Descriptions

All full-time members of the fire company of Springettsbury Township are eligible to join the Plan upon employment. A participant is eligible for normal retirement after attainment of age 55 and completion of 25 years of service. A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

The normal retirement pension is payable monthly during the participant's lifetime, with payments continuing after the participant's death to the surviving spouse, provided the surviving spouse is not re-married, or to dependent children under age 18 in an amount equal to 50% of the initial amount payable to the participant. The amount of monthly pension is equal to 50% of average monthly pay.

Average monthly pay is equal to one half his monthly average compensation during the last 36 months of employment. Pay is defined as wages as reported on federal form W-2.

If a participant is disabled in the line of duty, he is eligible for disability pension. The disability pension is equal to the benefit upon the normal retirement formula reduced by Workers' Compensation, by 100% of Primary Social Security benefits and by any benefits received from any disability insurance contracts for which premiums have been paid in whole or in part by the Township.

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.

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors, which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan and the annual pension cost contributed for the years ended December 31, 2005 through December 31, 2008 is as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
2005	178,304	179,000	100%+
2006	187,995	187,995	100%
2007	196,877	196,877	100%
2008	207,429	207,429	100%

(1) Includes general municipal pension system state aid.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 14 – PENSION PLANS (Continued)

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

Actuarial Valuation

An actuarial study as of January 1, 2007 was completed by Conrad M. Siegel, Inc. on August 3, 2007. 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, 2007; (1) a 6.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) pre-retirement mortality life expectancies based on the GA 1983 table; (4) post-retirement mortality life expectancies based on the GA 1983 table, (5) loading of 5% added to basic pension costs for disability; (6) death benefit cost computed on the assumption that all participants will have spouses of the same age at the date of eligibility of the benefit; (7) projected salary increases of 5% per year; (8) normal retirement age; (9) provision for administrative expenses added to normal cost; (10) moderate inflation based on long-term historical average rate, and (11) actuarial value of assets based on market value as determined by the trustee.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and estimated to be payable in the future as a result of employee service to date.

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded/ (Underfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability/ Funding Excess (Deficit) as a Percentage of Payroll</u>
1/1/2005	2,040,440	2,978,487	(938,047)	68.5%	766,265	(122.4%)
1/1/2006	2,264,825					
1/1/2007	2,613,260	3,506,881	(893,621)	74.5%	818,036	(109.2%)
1/1/2008	2,888,337					

Non-Uniform Pension Plan

Non-uniformed employees over the age of 21 are eligible to participate after 6 months of service. A participant is eligible for normal retirement after attainment of age 59½. Participants become 20% vested in the Township's contributions after three years of employment. An additional 20% is vested for each additional year of employment. A participant becomes fully vested after seven years of employment. Each participant is required to contribute 2% of gross pay. Employer contributions equals 9.0% of employee's gross pay for non-teamster members, and 9.5% for employees that are teamster members. For the year ended December 31, 2008, the Township contributed \$298,357 to the Non-Uniformed Pension Plan.

NOTE 15 – 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 16 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous year. During the year ended December 31, 2008, no settlements exceeded insurance coverage.

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 17 – SELF INSURANCE

Health Insurance

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by NCAS. During the year ended December 31, 2008, the Township remitted their contracted monthly amount to IIC who pays the funds directly to NCAS. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. At the end of the Pool's fiscal year, the excess or deficit of the Pool is allocated to all the members. The Township was limited to liability for 2008 claims to \$45,000 individually and \$1,284,349 in the aggregate for claims for 2008.

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, 2008.

As of December 31, 2008, there are no additional assessments relating to the health plan.

Workers' Compensation

The Township participates in the Susquehanna Municipal Trust, which is a cooperative voluntary trust arrangement for fifteen member municipalities. This agreement states that the Township pays an annual premium to the Trust for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and re-insurance thereof.

It is the intent of the members of the Trust that the Trust will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. The Trust is limited in liability up to \$750,000 for a claim over its life. As of December 31, 2008, the Township is not aware of any additional assessments relating to the Trust.

NOTE 18 – RESTATED NET ASSETS

During 2008 Springettsbury Township and Spring Garden Township formed York Area United Fire and Rescue. The newly formed entity is responsible for fire services in Springettsbury Township and Spring Garden Township. As a result of the joint venture, Commonwealth Fire Company, Springetts Fire Company, and Springettsbury Township Volunteer Fire Company are no longer component units of Springettsbury Township as defined by GASB. The financial information of the Springetts Ambulance Club, Inc. was not made available by the Organization. The beginning net assets of the component units were restated to correctly show the component units as of December 31, 2008.

Net Assets as of December 31, 2007	\$ (2,056,667)
Less: Commonwealth Fire Company	(14,981)
Springetts Fire Company	(50,151)
Springettsbury Volunteer Fire Company	(926,110)
Springetts Ambulance Club, Inc.	<u>(538,940)</u>
Net Assets as of January 1, 2008	<u>\$ (3,586,849)</u>

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

NOTE 19 – RESERVED FUND BALANCE

The fund balance reservations in the general fund of \$1,766,425 represents amounts reserved by management for potential appropriations in excess of anticipated revenues for the year ended December, 31, 2009.

NOTE 20 – FUND BALANCE - DESIGNATED

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

NOTE 21 – CONSTRUCTION COMMITMENTS

As of December 31, 2008, the Township is involved in capital projects. The Township had the following commitment as of December 31, 2008:

<u>Project</u>	<u>Contract Amounts</u>	<u>Amount Paid-to-Date</u>	<u>Commitments Outstanding</u>
Safe Routes to School - Central	<u>\$ 159,180</u>	<u>\$ 22,593</u>	<u>\$ 136,587</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**OF**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2008**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Real Estate Taxes and Penalties	\$ 1,620,000	\$ 1,620,000	\$ 1,706,048	\$ 86,048
Other Taxes	5,700,000	5,700,000	6,475,879	775,879
Licenses and Permits	285,200	285,200	359,043	73,843
Fines and Forfeits	335,000	335,000	313,842	(21,158)
Interest, Rents, and Royalties	125,000	125,000	127,011	2,011
Intergovernmental Revenues	719,000	779,000	773,312	(5,688)
Charges for Services	1,454,000	1,454,000	1,451,594	(2,406)
Miscellaneous	1,000	1,000	5,171	4,171
Reimbursements	<u>300,000</u>	<u>300,000</u>	<u>562,650</u>	<u>262,650</u>
<b>TOTAL REVENUES</b>	<u>10,539,200</u>	<u>10,599,200</u>	<u>11,774,550</u>	<u>1,175,350</u>
<b>EXPENDITURES</b>				
General Government	1,226,225	1,226,225	1,239,794	(13,569)
Public Safety	4,749,000	4,752,900	5,027,909	(275,009)
Highways and Streets	1,037,500	1,037,500	905,511	131,989
Culture and Recreation	604,000	604,000	590,527	13,473
Debt Service	257,500	257,500	257,205	295
Employee Benefits, Insurance and Other	<u>3,466,275</u>	<u>3,462,375</u>	<u>3,319,543</u>	<u>142,832</u>
<b>TOTAL EXPENDITURES</b>	<u>11,340,500</u>	<u>11,340,500</u>	<u>11,340,489</u>	<u>11</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(801,300)</u>	<u>(741,300)</u>	<u>434,061</u>	<u>1,175,361</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of General Fixed Assets	5,000	5,000	--	(5,000)
Interfund Transfers	(645,000)	(645,000)	(645,000)	--
Refund of Prior Year Expenditures	<u>1,000</u>	<u>1,000</u>	<u>30,007</u>	<u>29,007</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(639,000)</u>	<u>(639,000)</u>	<u>(614,993)</u>	<u>24,007</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,440,300)	(1,380,300)	(180,932)	1,199,368
<b>FUND BALANCES – JANUARY 1, 2008</b>	<u>4,485,020</u>	<u>4,485,020</u>	<u>4,485,020</u>	<u>--</u>
<b>FUND BALANCES – DECEMBER 31, 2008</b>	<u>\$ 3,044,720</u>	<u>\$ 3,104,720</u>	<u>\$ 4,304,088</u>	<u>\$ 1,199,368</u>

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
MAJOR FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Capital Improvements			Grant Fund			Variance Favorable (Unfavorable)
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>							
Interest, Rents, and Royalties	\$ 5,000	\$ 3,503	\$ (1,497)	\$ --	\$ --	\$ --	--
Intergovernmental Revenues	<u>678,000</u>	<u>114,197</u>	<u>(563,803)</u>	<u>909,883</u>	<u>485,834</u>	<u>(424,049)</u>	
<b>TOTAL REVENUES</b>	<u>683,000</u>	<u>117,700</u>	<u>(565,300)</u>	<u>909,883</u>	<u>485,834</u>	<u>(424,049)</u>	
<b>EXPENDITURES</b>							
General Government	--	825	(825)	80,000	17,662	62,338	
Public Safety	--	--	--	278,175	201,085	77,090	
Highways and Streets	612,000	321,377	290,623	521,708	84,301	437,407	
Culture and Recreation	20,000	364,280	(344,280)	30,000	182,786	(152,786)	
Debt Service	<u>776,000</u>	<u>207,524</u>	<u>568,476</u>	--	--	--	
<b>TOTAL EXPENDITURES</b>	<u>1,408,000</u>	<u>894,006</u>	<u>513,994</u>	<u>909,883</u>	<u>485,834</u>	<u>424,049</u>	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(725,000)</u>	<u>(776,306)</u>	<u>(51,306)</u>	--	--	--	
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund Transfers	725,000	725,000	--	--	--	--	
Contribution to Authority	--	(484,636)	(484,636)	--	--	--	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>725,000</u>	<u>240,364</u>	<u>(484,636)</u>	--	--	--	
<b>NET CHANGE IN FUND BALANCE</b>	--	(535,942)	(535,942)	--	--	--	
<b>FUND BALANCES – JANUARY 1, 2008</b>	<u>772,724</u>	<u>772,724</u>	--	--	--	--	
<b>FUND BALANCES – DECEMBER 31, 2008</b>	<u>\$ 772,724</u>	<u>\$ 236,782</u>	<u>\$ (535,942)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Fire Company Fund		Subdivision Recreation Fund		Total Special Revenue Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
<b>REVENUES</b>										
Real Estate Taxes and Penalties	\$ --	\$ --	\$51,000	\$44,416	\$ --	\$ --	\$ --	\$ --	\$ 51,000	\$ 44,416
Interest, Rents and Royalties	15,300	8,929	1,000	177	10,000	17,909	5,000	1,632	31,300	28,647
Intergovernmental Revenue	551,700	552,998	--	--	--	--	--	--	551,700	552,998
Contributions from Private Sources	--	--	--	--	--	--	--	7,224	--	7,224
<b>TOTAL REVENUES</b>	<u>567,000</u>	<u>561,927</u>	<u>52,000</u>	<u>44,593</u>	<u>10,000</u>	<u>17,909</u>	<u>5,000</u>	<u>8,856</u>	<u>634,000</u>	<u>633,285</u>
<b>EXPENDITURES</b>										
Public Safety	--	--	--	--	150,000	241,990	--	--	150,000	241,990
Highways and Streets	691,000	726,343	52,000	54,953	--	--	--	--	743,000	781,296
Culture and Recreation	--	--	--	--	--	--	5,000	32,133	5,000	32,133
<b>TOTAL EXPENDITURES</b>	<u>691,000</u>	<u>726,343</u>	<u>52,000</u>	<u>54,953</u>	<u>150,000</u>	<u>241,990</u>	<u>5,000</u>	<u>32,133</u>	<u>898,000</u>	<u>1,055,419</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(124,000)</u>	<u>(164,416)</u>	<u>--</u>	<u>(10,360)</u>	<u>(140,000)</u>	<u>(224,081)</u>	<u>--</u>	<u>(23,277)</u>	<u>(264,000)</u>	<u>(422,134)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Interfund Transfer	--	--	--	--	140,000	140,000	(125,000)	(125,000)	15,000	15,000
Refund of Prior Year Expenditures	--	--	--	--	--	11,303	--	--	--	11,303
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>140,000</u>	<u>151,303</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>15,000</u>	<u>26,303</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(124,000)</u>	<u>(164,416)</u>	<u>--</u>	<u>(10,360)</u>	<u>--</u>	<u>(72,778)</u>	<u>(125,000)</u>	<u>(148,277)</u>	<u>(249,000)</u>	<u>(395,831)</u>
<b>FUND BALANCES – JANUARY 1, 2008</b>	<u>778,098</u>	<u>778,098</u>	<u>15,101</u>	<u>15,101</u>	<u>767,205</u>	<u>767,205</u>	<u>247,882</u>	<u>247,882</u>	<u>1,808,286</u>	<u>1,808,286</u>
<b>FUND BALANCES – DECEMBER 31, 2008</b>	<u>\$ 654,098</u>	<u>\$ 613,682</u>	<u>\$ 15,101</u>	<u>\$ 4,741</u>	<u>\$ 767,205</u>	<u>\$ 694,427</u>	<u>\$ 122,882</u>	<u>\$ 99,605</u>	<u>\$ 1,559,286</u>	<u>\$ 1,412,455</u>

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

SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
NON-MAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Storm Water Reserve Fund		Waste Reserve Fund		Total Capital Project Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
<b>REVENUES</b>						
Interest, Rents and Royalties	\$ 500	\$ 897	\$ 2,000	\$ 933	\$ 2,500	\$ 1,830
Charges for Services	--	--	88,500	93,714	88,500	93,714
Intergovernmental Revenue	--	--	16,500	--	16,500	--
<b>TOTAL REVENUES</b>	<u>500</u>	<u>897</u>	<u>107,000</u>	<u>94,647</u>	<u>107,500</u>	<u>95,544</u>
<b>EXPENDITURES</b>						
Sanitation	--	--	17,000	9,052	17,000	9,052
Other Public Works	500	150	--	--	500	150
<b>TOTAL EXPENDITURES</b>	<u>500</u>	<u>150</u>	<u>17,000</u>	<u>9,052</u>	<u>17,500</u>	<u>9,202</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	--	<u>747</u>	<u>90,000</u>	<u>85,595</u>	<u>90,000</u>	<u>86,342</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund Transfer	\$ --	\$ --	\$ (90,000)	\$ (95,000)	\$ (90,000)	\$ (95,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	--	--	<u>(90,000)</u>	<u>(95,000)</u>	<u>(90,000)</u>	<u>(95,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	--	<u>747</u>	--	<u>(9,405)</u>	--	<u>(8,658)</u>
<b>FUND BALANCES - JANUARY 1, 2008</b>	<u>95,385</u>	<u>95,385</u>	<u>79,357</u>	<u>79,357</u>	<u>174,742</u>	<u>174,742</u>
<b>FUND BALANCES - DECEMBER 31, 2008</b>	<u>\$ 95,385</u>	<u>\$ 96,132</u>	<u>\$ 79,357</u>	<u>\$ 69,952</u>	<u>\$ 174,742</u>	<u>\$ 166,084</u>

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

**SUPPLEMENTARY INFORMATION**

**OF**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**DECEMBER 31, 2008**

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
DECEMBER 31, 2008**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$1,389,628	\$ 165,544	\$1,555,172
Investments	24,519	--	24,519
Due from Other Funds	25,232	540	25,772
Accounts Receivable	<u>722</u>	<u>--</u>	<u>722</u>
<b>TOTAL ASSETS</b>	<u>\$1,440,101</u>	<u>\$ 166,084</u>	<u>\$1,606,185</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 25,246	\$ --	\$ 25,246
Due to Other Funds	<u>2,400</u>	<u>--</u>	<u>2,400</u>
<b>TOTAL LIABILITIES</b>	<u>27,646</u>	<u>--</u>	<u>27,646</u>
<b>FUND BALANCES</b>			
Reserved Fund Balance	<u>1,412,455</u>	<u>166,084</u>	<u>1,578,539</u>
<b>TOTAL FUND BALANCES</b>	<u>1,412,455</u>	<u>166,084</u>	<u>1,578,539</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$1,440,101</u>	<u>\$ 166,084</u>	<u>\$1,606,185</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – ALL NON-MAJOR FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
<b>REVENUES</b>			
Real Estate Taxes and Penalties	\$ 44,416	\$ --	\$ 44,416
Interest, Rents and Royalties	28,647	1,830	30,477
Intergovernmental Revenue	552,998	--	552,998
Charges for Services	--	93,714	93,714
Contributions from Private Sources	<u>7,224</u>	<u>--</u>	<u>7,224</u>
<b>TOTAL REVENUES</b>	<u>633,285</u>	<u>95,544</u>	<u>728,829</u>
<b>EXPENDITURES</b>			
Public Safety	241,990	--	241,990
Highways and Streets	781,296	--	781,296
Sanitation	--	9,052	9,052
Other Public Works	--	150	150
Culture and Recreation	<u>32,133</u>	<u>--</u>	<u>32,133</u>
<b>TOTAL EXPENDITURES</b>	<u>1,055,419</u>	<u>9,202</u>	<u>1,064,621</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(422,134)</u>	<u>86,342</u>	<u>(335,792)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers	15,000	(95,000)	(80,000)
Refund of Prior Year Expenditures	<u>11,303</u>	<u>--</u>	<u>11,303</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>26,303</u>	<u>(95,000)</u>	<u>(68,697)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(395,831)	(8,658)	(404,489)
<b>FUND BALANCES – JANUARY 1, 2008</b>	<u>1,808,286</u>	<u>174,742</u>	<u>1,983,028</u>
<b>FUND BALANCES – DECEMBER 31, 2008</b>	<u>\$1,412,455</u>	<u>\$ 166,084</u>	<u>\$1,578,539</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS – NONMAJOR  
DECEMBER 31, 2008**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Fire Company Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Total Special Revenue Fund</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 634,294	\$ 8,349	\$ 672,308	\$ 74,677	\$1,389,628
Investments	--	--	24,519	--	24,519
Due from Other Funds	--	--	--	25,232	25,232
Accounts Receivable	--	722	--	--	722
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>TOTAL ASSETS</b>	<u>\$ 634,294</u>	<u>\$ 9,071</u>	<u>\$ 696,827</u>	<u>\$ 99,909</u>	<u>\$1,440,101</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 20,612	\$ 4,330	\$ --	\$ 304	\$ 25,246
Due to Other Funds	--	--	2,400	--	2,400
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>TOTAL LIABILITIES</b>	<u>20,612</u>	<u>4,330</u>	<u>2,400</u>	<u>304</u>	<u>27,646</u>
<b>FUND BALANCES</b>					
Reserved Fund Balance	<u>613,682</u>	<u>4,741</u>	<u>694,427</u>	<u>99,605</u>	<u>1,412,455</u>
<b>TOTAL FUND BALANCES</b>	<u>613,682</u>	<u>4,741</u>	<u>694,427</u>	<u>99,605</u>	<u>1,412,455</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 634,294</u>	<u>\$ 9,071</u>	<u>\$ 696,827</u>	<u>\$ 99,909</u>	<u>\$1,440,101</u>

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

**SPRINGETTSBURY TOWNSHIP  
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS - NONMAJOR  
DECEMBER 31, 2008**

	<u>Storm Water Reserve Fund</u>	<u>Waste Reserve Fund</u>	<u>Total Capital Project Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 96,132	\$ 69,412	\$ 165,544
Due from Other Funds	<u>          --</u>	<u>          540</u>	<u>          540</u>
<b>TOTAL ASSETS</b>	<u>\$ 96,132</u>	<u>\$ 69,952</u>	<u>\$ 166,084</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
	<u>\$          --</u>	<u>\$          --</u>	<u>\$          --</u>
<b>FUND BALANCES</b>			
Reserved Fund Balance	<u>          96,132</u>	<u>          69,952</u>	<u>          166,084</u>
<b>TOTAL FUND BALANCES</b>	<u>          96,132</u>	<u>          69,952</u>	<u>          166,084</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 96,132</u>	<u>\$ 69,952</u>	<u>\$ 166,084</u>

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