

SPRINGETTSBURY TOWNSHIP

YORK, PENNSYLVANIA

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Springettsbury Township
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of, and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT - continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14, the budgetary comparison schedules on pages 60 through 62, the schedules of funding progress and employer contributions - police pension plan on page 63, schedule of changes in the Township's net pension liability on page 64 and the schedule of Township's other post-employment benefits liability on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

INDEPENDENT AUDITORS' REPORT - continued

Other Matters - continued

Other Information - continued

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

Stambaugh Ness, Inc.

York, Pennsylvania
July 1, 2020

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

The Township prepares its financial reports in accordance with the Governmental Accounting Standards Board Statement 34. Statement 34 includes the Basic Financial presentations as well as this narrative referred to as the Management's Discussion and Analysis.

The discussion and analysis of Springettsbury Township's financial performance that follows provides a general presentation of the Township's financial performance for the year ending December 31, 2019.

The Management's 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 Independent Auditors' Report, the statements, and the various notes to gain a more complete understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the Township are \$112,435,588. Of this amount, \$68,128,499 represents the Township's business-type activities (sewer fund) and \$44,307,089 general governmental activities.
- The expenses of all Township functions/programs totaled \$27,611,175. These functions/programs are presented on page 17 of the financial statements.
- The General Fund Revenues were budgeted at \$14,560,279 and Actual Revenue was reported at \$15,968,903 for a positive variance of \$1,408,624.
- General Fund Expenditures were budgeted at \$15,329,954 and Actual Expenditures of \$14,642,216 for a positive variance of \$687,738.
- General Fund Other Financing Sources (Uses) were budgeted at \$769,675. Actual results were (\$208,764), for a negative variance of (\$978,439). \$729,463 of this amount was planned use of fund balance, which was not necessary.
- Total General Fund budget versus actual results were a positive \$1,117,923 variance.

Most of the Township's basic services are reported in the Governmental Funds Statement which focuses on how money flows into and out of those funds and the balances left at year end that are available for future spending. As reported on page 20 of the audit report, the primary operating fund and most significant fund, the General Fund, had a fund balance of \$6,400,690 on January 1, 2019. There was a prior period adjustment of \$192,201, resulting in a restated fund balance of \$6,592,891 on January 1, 2019 and ended on December 31, 2019 with a fund balance of \$7,710,814, an increase of \$1,117,923. The total General Fund Revenues equaled \$15,968,903, Expenditures of \$14,642,216 and Other Financing Uses of (\$208,764).

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

FINANCIAL HIGHLIGHTS - continued

The Statement of Net Position listed on pages 15 and 16 discloses that Total Current Assets for Governmental and Business Activities totals \$19,886,172 and Total Assets and Deferred Outflows of Resources at \$112,435,588. It also shows Total Current Liabilities of \$5,138,407 and Total Liabilities and Deferred Inflows of Resources of \$42,074,165.

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 level statements, 3) notes to the financial statements, and 4) supplementary information.

The Statement of Net Position and Statement of Activities provide information about the activities of the Township as a whole. Fund financial statements beginning on page 18 show how services have been financed. Fund financial statements also report the Township's operations in more detail by providing information about the Township's most significant funds.

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

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

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

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

Business-type Activities - The Township charges a fee to its sewer utility customers to cover the cost of the sewer utility services the Township provides. Therefore, the Township's Sewer Utility operations are reported as the sole Business-type Activity. The Township services both the Township residents and other municipal users.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

MOST SIGNIFICANT FUNDS

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

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

Proprietary Funds - When the Township charges customers for services, these services are reported in proprietary funds. Proprietary funds are reported on the accrued basis which is the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

THE TOWNSHIP AS TRUSTEE

As of January 1, 2019, the Township implemented GASB #84 - Fiduciary Activities. By implementing this pronouncement, the Township no longer reports its Non-Uniform Pension Fund, Library Fund and Escrow Fund in its Statement of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, since they do not meet the requirements of a Fiduciary Fund. The Library Fund and Escrow Fund are now reported as part of the General Fund. The Non-Uniform Pension Fund is no longer included in the financial statements.

Springettsbury Township as the local government entity is the trustee, or fiduciary, for the Police Pension and the Schenck (Recreation) Trust Fund. These fiduciary activities are reported in separate Statement of Fiduciary Net Position and changes in Fiduciary Net Position as shown on pages 25 and 26. 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.

Net Position at December 31, 2019 for the Fiduciary Funds was as follows:

- Police Pension Fund \$18,962,655
- Schenck Memorial Fund \$ 90,586

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

THE TOWNSHIP OVERALL

For the year ending 2019, a comprehensive analysis of Government-wide financial information is being presented to compare 2018 and 2019 financial results.

Government-Wide Statements

Statement of Net Position

The Township's combined net position for 2019 amounted to \$70,361,423. This was composed of \$42,116,063 of Business-type activities (sewer utility operations) and \$28,245,360 of Governmental activities.

The following table reflects the condensed Statement of Net Position:

	Primary Government 2019			Primary Government 2018		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 8,679,971	\$ 19,158,807	\$ 27,838,778	\$ 7,812,996	\$ 13,105,614	\$ 20,918,610
Capital Assets, Net	32,666,400	48,878,702	81,545,102	33,719,973	46,672,275	80,392,248
Deferred Outflows	2,960,718	90,990	3,051,708	2,716,878	102,483	2,819,361
Total Assets and Deferred Outflows	\$ 44,307,089	\$ 68,128,499	\$ 112,435,588	\$ 44,249,847	\$ 59,880,372	\$ 104,130,219
Current Liabilities	\$ 1,487,801	\$ 3,650,606	\$ 5,138,407	\$ 1,417,410	\$ 2,044,482	\$ 3,461,892
Other (Non-Current)	12,094,541	22,361,830	34,456,371	13,186,682	15,803,749	28,990,431
Deferred Inflows	2,479,387	-	2,479,387	796,360	-	796,360
Total Liabilities	16,061,729	26,012,436	42,074,165	15,400,452	17,848,231	33,248,683
Invested in Capital Assets	28,321,400	24,902,632	53,224,032	29,149,973	29,287,224	58,437,197
Restricted	765,282	7,952,606	8,717,888	1,016,811	8,279,152	9,295,963
Unrestricted	(841,322)	9,260,825	8,419,503	(1,317,389)	4,465,765	3,148,376
Total Net Position	28,245,360	42,116,063	70,361,423	28,849,395	42,032,141	70,881,536
Total Liabilities and Net Position	\$ 44,307,089	\$ 68,128,499	\$ 112,435,588	\$ 44,249,847	\$ 59,880,372	\$ 104,130,219

For more detailed information please refer to pages 15 and 16, Statement of Net Position.

Statement of Activities

For the year ended December 31, 2019, the governmental activities had program revenues of \$4,640,144, general revenues of \$12,772,048; expenses of \$18,208,428, resulting in a decrease in net position of (\$796,236). The business activities had program revenues of \$8,443,344; revenues on investments and sale of equipment \$837,495; expenses of \$9,402,747, resulting in an increase in net position of \$83,922.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

THE TOWNSHIP OVERALL - continued

Fund Level Financial Statements

Statement of Revenues and Expenditures and Changes in Fund Balance

The following chart presents the Township's revenues and expenditures by fund type. They are shown in more detail on page 20 of the financial statements:

	2019			2018		
	General Fund	Other Funds	Governmental Funds	General Fund	Other Funds	Governmental Funds
Revenues:						
Real Estate Taxes and Penalties	\$ 3,479,705	\$ -	\$ 3,479,705	\$ 3,444,837	\$ -	\$ 3,444,837
Other Taxes	8,581,106	86,786	8,667,892	8,287,344	87,745	8,375,089
Intergovernmental Revenues	1,002,000	884,003	1,886,003	920,039	858,205	1,778,244
Charges for Services	2,114,925	-	2,114,925	1,809,213	-	1,809,213
Other	791,167	43,787	834,954	796,616	19,786	816,402
Total Revenues	15,968,903	1,014,576	16,983,479	15,258,049	965,736	16,223,785
Expenditures:						
General Government	1,313,620	5,476	1,319,096	1,219,868	134,723	1,354,591
Public Safety	7,181,786	157,090	7,338,876	6,214,044	34,028	6,248,072
Highways and Streets	1,470,823	1,724,251	3,195,074	1,101,706	489,698	1,591,404
Culture and Recreation	704,492	17,367	721,859	881,268	48,491	929,759
Debt Service	82,941	330,592	413,533	29,189	332,190	361,379
Employee Benefits, Insurances and Other	3,888,554	-	3,888,554	3,475,719	-	3,475,719
Total Expenditures	14,642,216	2,234,776	16,876,992	12,921,794	1,039,130	13,960,924
Other Financing Uses:						
Interfund Transfers	(622,530)	622,530	-	(674,950)	674,950	-
Refunds Expenditures/Revenues	372,936	-	372,936	582,045	-	582,045
Sale of Capital Assets	40,830	-	40,830	60,990	-	60,990
Total Other Financing Uses	(208,764)	622,530	413,766	(31,915)	674,950	643,035
Net Changes in Fund Balances	1,117,923	(597,670)	520,253	2,304,340	601,556	2,905,896
Fund Balances:						
January 1, (originally stated)	6,400,690	230,558	6,631,248	4,096,350	(370,998)	3,725,352
Prior period adjustment (Note P)	192,201	-	192,201	-	-	-
January 1, (restated)	6,592,891	230,558	6,823,449	4,096,350	(370,998)	3,725,352
December 31,	\$ 7,710,814	\$ (367,112)	\$ 7,343,702	\$ 6,400,690	\$ 230,558	\$ 6,631,248

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was an increase of \$1,117,923, resulting fund balance at December 31, 2019 of \$7,710,814.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

BUSINESS-TYPE ACTIVITIES

Changes in Net Position

Outlined below is the Statement of Revenues and Expenditures for the Business-type Activities (Proprietary Funds) of the Township - "Sewer Fund" for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Charges for Services	\$ 8,089,028	\$ 8,310,309
Other	41,020	141,525
<u>Total Operating Revenues</u>	<u>8,130,048</u>	<u>8,451,834</u>
Operating Expenses:		
Cost of Services	5,168,741	5,434,110
Administration	335,000	335,000
<u>Amortization and Depreciation</u>	<u>3,117,173</u>	<u>3,033,757</u>
<u>Total Operating Expenses</u>	<u>8,620,914</u>	<u>8,802,867</u>
Operating Income (Loss)	(490,866)	(351,033)
Non Operating Revenues (Expenses):		
Tapping Fees	313,296	482,304
Investment Income (Loss)	791,958	(37,857)
Bond Interest	(771,252)	(826,260)
Amortization	(10,581)	(10,581)
Gain or Loss on Sale of Assets	45,537	(1,945)
Build America Bonds - Interest Subsidy	205,830	219,214
<u>Total Non-Operating Revenues (Expenses)</u>	<u>574,788</u>	<u>(175,125)</u>
Change in Net Position	83,922	(526,158)
<u>Total Net Position - January 1</u>	<u>42,032,141</u>	<u>42,558,299</u>
<u>Total Net Position - December 31</u>	<u>\$ 42,116,063</u>	<u>\$ 42,032,141</u>

The change in net position for the Sewer Fund business-type activities was an increase of \$83,922. Page 23 highlights these activities by specific numbers and analysis.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

THE TOWNSHIP'S FUNDS

Governmental and Business-Type Funds

As of December 31, 2019, the governmental funds (refer to page 18) reported a combined fund balance of \$7,343,702. For the proprietary business-type funds at year end, the business-type fund (Sewer Fund) reported the net position at \$42,116,063 (refer to page 23).

Capital Assets, Debt Administration and Other Significant Liabilities

Capital Assets

At the close of 2019, the Township's Governmental Activities had \$32,666,400 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Administration Building, Police and Public Works equipment, along with Park and Recreational land. More detail is shown in the notes to the financial statements as summarized on page 42.

At the close of 2019, the Township's Business-Type Activities (Sewer Fund) had net capital assets of \$48,928,982. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 42.

Debt

At December 31, 2019, the Governmental long-term debt (bonds and notes) stood at \$4,345,000 and the sewer fund debt at \$23,925,200. See Note H in the Notes to the Financial Statements regarding Township debt paid and issued during 2019.

Lease Obligation

At December 31, 2019, the Governmental lease obligation stood at \$304,635, which is related to multiple fleet vehicles. See Note I in the Notes to the Financial Statements for additional information.

Pension Liability

The pension liability at December 31, 2019 was \$3,265,989. See Note J for further information regarding the Township's pension liability.

Other Post-Employment Benefits (OPEB) Liability

The OPEB liability at December 31, 2019 was \$4,538,708. See Note L for further information regarding the Township's OPEB liability.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2019

BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of the fiscal year, the Township Budget adapts to and sustains some necessary changes to its expenditure plans. This is achieved based upon the Township's continuing revenue resources and constant expenditure monitoring by departmental staff.

Future concerns that the Township must consider are the rising cost of health care and the effects of the Federal Affordable Care Act. The Township has benefitted from being a prosperous community with ample development and low taxes in recent decades, but as the community is near being built out and the expectations of services continue, decisions have to be made as to how to continue these services, while meeting the contractual and mandated expectations that are being proposed for local governments.

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 manufacturing, retail and service industries. Employment has been relatively stable compared to other areas in the Commonwealth. Business growth has been maintained. Continued business viability is anticipated. The trend in building permits issued remains positive and is an indicator of the steady economic development in the Township and the York area.

In addition, Springettsbury Township has experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000 to 26,668 in 2010. This continuing growth factor strengthens the vitality of the Township as a commercial center. An additional 200 dwelling units were planned and approved for development which will accommodate future residential growth. Commercial growth is shifting from a new "green field" development to a focus on a development of existing properties. The Category 4 Casino planned for the York Galleria Mall began construction in late 2019, and is scheduled to open in 2021.

Increasing costs in the Township are due in large part to the rapidly growing costs of compliance with Federal and State mandates, contractual wage increases and investments in infrastructure construction, maintenance, repair and replacement. Township Supervisors are evaluating appropriate revenue sources through taxation and fees to offset the expenses for new projects that must be undertaken to comply with State and Federal mandates.

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 Teresa Hummel, Director of Finance, 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Authority
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,174,459	\$ 1,317,384	\$ 5,491,843	\$ 76,839
Investments	2,599,335	9,260,585	11,859,920	-
Taxes receivable, net	1,048,571	-	1,048,571	-
Internal balance	614,830	-	614,830	-
Accounts receivable	214,894	614,753	829,647	-
Other receivables	5,585	1,023	6,608	-
Prepaid expenses	22,297	12,456	34,753	-
Total Current Assets	8,679,971	11,206,201	19,886,172	76,839
NONCURRENT ASSETS				
Other Assets				
Restricted assets - cash and cash equivalents	-	212,946	212,946	-
Restricted assets - investments	-	7,739,660	7,739,660	-
Total Other Assets	-	7,952,606	7,952,606	-
Capital Assets				
Land and right of ways	4,414,547	1,826,785	6,241,332	-
Buildings	11,704,958	-	11,704,958	-
Construction in progress	51,855	3,554,570	3,606,425	-
Improvements (other than buildings)	5,926,336	-	5,926,336	-
Machinery and equipment	3,572,039	33,677,824	37,249,863	-
Infrastructure assets	52,112,602	-	52,112,602	-
Collection lines	-	57,368,900	57,368,900	-
Treatment plant	-	4,591,141	4,591,141	-
Less accumulated depreciation	(45,115,937)	(52,140,518)	(97,256,455)	-
Total Capital Assets, Net	32,666,400	48,878,702	81,545,102	-
Total Noncurrent Assets	32,666,400	56,831,308	89,497,708	-
Total Assets	41,346,371	68,037,509	109,383,880	76,839
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts from pensions	2,692,244	-	2,692,244	-
Deferred amounts from other post-employment benefits	268,474	-	268,474	-
Bond refinancing charges	-	90,990	90,990	-
Total deferred outflows of resources	2,960,718	90,990	3,051,708	-
Total assets and deferred outflows of resources	\$ 44,307,089	\$ 68,128,499	\$ 112,435,588	\$ 76,839

See accompanying notes.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Authority
LIABILITIES				
CURRENT LIABILITIES				
Internal balance	\$ -	\$ 614,830	\$ 614,830	\$ -
Accounts payable	552,646	1,347,272	1,899,918	-
Retainage payable	88,334	-	88,334	-
Current portion of long-term debt	230,000	1,512,500	1,742,500	-
Current portion of capital lease liability	79,155	-	79,155	-
Accrued salaries and wages	298,374	83,556	381,930	-
Payroll deductions and withholdings	17,045	-	17,045	-
Other current liabilities	222,247	92,448	314,695	5,585
Total current liabilities	1,487,801	3,650,606	5,138,407	5,585
NONCURRENT LIABILITIES				
Notes payable	-	12,527,700	12,527,700	-
Bonds payable	4,115,000	9,885,000	14,000,000	-
Bond discount (Net of accumulated amortization)	-	(50,870)	(50,870)	-
Capital lease liability	174,844	-	174,844	-
Pension liability	3,265,989	-	3,265,989	-
Other post-employment benefits liability	4,538,708	-	4,538,708	-
Total noncurrent liabilities	12,094,541	22,361,830	34,456,371	-
Total liabilities	13,582,342	26,012,436	39,594,778	5,585
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts from pensions	2,206,939	-	2,206,939	-
Deferred amounts from OPEB	175,860	-	175,860	-
Deferred grant funds	96,588	-	96,588	-
Total deferred inflows of resources	2,479,387	-	2,479,387	-
Total liabilities and deferred inflows of resources	16,061,729	26,012,436	42,074,165	-
NET POSITION				
Net investment in capital assets	28,321,400	24,902,632	53,224,032	-
Restricted for:				
Highways	458,309	-	458,309	-
Capital projects	104,680	-	104,680	-
Library Fund	202,293	-	202,293	-
Sewer capital	-	7,952,606	7,952,606	-
Unrestricted	(841,322)	9,260,825	8,419,503	71,254
Total net position	28,245,360	42,116,063	70,361,423	71,254
Total liabilities, deferred inflows of resources and net position	\$ 44,307,089	\$ 68,128,499	\$ 112,435,588	\$ 76,839

SPRINGETTSBURY TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-	Total	Development Authority
						Type Activities		
Governmental Activities								
General government	\$ 1,372,109	\$ 555,489	\$ 127,521	\$ -	\$ (689,099)	\$ -	\$ (689,099)	\$ -
Public safety	7,574,142	2,110,883	106,619	-	(5,356,640)	-	(5,356,640)	-
Sanitation	-	-	86,233	-	86,233	-	86,233	-
Highways and streets	3,728,057	11,158	884,003	-	(2,832,896)	-	(2,832,896)	-
Culture and recreation	999,729	159,140	-	-	(840,589)	-	(840,589)	-
Employee benefits, insurance and other	4,345,858	-	599,098	-	(3,746,760)	-	(3,746,760)	-
Debt service	188,533	-	-	-	(188,533)	-	(188,533)	-
Total governmental activities	18,208,428	2,836,670	1,803,474	-	(13,568,284)	-	(13,568,284)	-
BUSINESS-TYPE ACTIVITIES								
Sewer	9,402,747	8,443,344	-	205,830	-	(753,573)	(753,573)	-
Total primary government	\$ 27,611,175	\$ 11,280,014	\$ 1,803,474	\$ 205,830	(13,568,284)	(753,573)	(14,321,857)	-
COMPONENT UNIT								
Springettsbury Township Development Authority	\$ 2,576	\$ -	\$ -	\$ -	-	-	-	-
Total Component Unit	\$ 2,576	\$ -	\$ -	\$ -	-	-	-	-
GENERAL REVENUES								
Property taxes, levied for general purposes, net					3,494,652	-	3,494,652	-
Other taxes and franchise fees levied for specific purposes, net					8,667,892	-	8,667,892	-
Investment earnings					181,913	791,958	973,871	1,508
Miscellaneous income					13,825	-	13,825	-
Sale of capital assets					40,830	45,537	86,367	-
Refunds of prior year expenditures					372,936	-	372,936	-
Total General Revenues					12,772,048	837,495	13,609,543	1,508
Change in Net Position					(796,236)	83,922	(712,314)	(1,068)
NET POSITION - January 1, 2019 (originally stated)					28,849,395	42,032,141	70,881,536	72,322
Prior period adjustment (Note P)					192,201	-	192,201	-
NET POSITION - January 1, 2019 (restated)					29,041,596	42,032,141	71,073,737	72,322
NET POSITION - December 31, 2019					\$ 28,245,360	\$ 42,116,063	\$ 70,361,423	\$ 71,254

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	ASSETS			
	General Fund	Capital Projects Funds	Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,515,683	\$ 62,416	\$ 596,360	\$ 4,174,459
Investments	2,196,751	112,639	289,945	2,599,335
Taxes receivable, net	1,047,927	-	644	1,048,571
Due from other funds	1,666,643	4,425	4,430	1,675,498
Accounts receivable	214,894	-	-	214,894
Due from other governments	5,585	-	-	5,585
Prepaid expenditures	22,297	-	-	22,297
Total Assets	<u>\$ 8,669,780</u>	<u>\$ 179,480</u>	<u>\$ 891,379</u>	<u>\$ 9,740,639</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 65,376	\$ 995,292	\$ -	\$ 1,060,668
Accounts payable	198,301	51,939	302,406	552,646
Retainage payable	-	88,334	-	88,334
Accrued salaries and wages	298,374	-	-	298,374
Payroll deductions and withholdings	17,045	-	-	17,045
Other liabilities	222,247	-	-	222,247
Total Liabilities	801,343	1,135,565	302,406	2,239,314
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	61,035	-	-	61,035
Unavailable revenue - grants	96,588	-	-	96,588
Total Deferred Inflows of Resources	<u>157,623</u>	<u>-</u>	<u>-</u>	<u>157,623</u>
FUND BALANCES (Deficit)				
Non-spendable	22,297	-	-	22,297
Restricted	202,293	104,680	458,309	765,282
Assigned	610,790	-	130,664	741,454
Unassigned	6,875,434	(1,060,765)	-	5,814,669
Total fund balances (deficit)	<u>7,710,814</u>	<u>(956,085)</u>	<u>588,973</u>	<u>7,343,702</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,669,780</u>	<u>\$ 179,480</u>	<u>\$ 891,379</u>	<u>\$ 9,740,639</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 7,343,702
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows related to the Township's pension liability are not current financial resources and, therefore, are not reported in the governmental funds.		2,692,244
Deferred inflows related to the Township's pension liability are not current financial resources and, therefore, are not reported in the governmental funds.		(2,206,939)
Deferred outflows related to the Township's other post-employment benefits liability are not current financial resources and, therefore, are not reported in the governmental funds.		268,474
Deferred inflows related to the Township's other post-employment benefits liability are not current financial resources and, therefore, are not reported in the governmental funds.		(175,860)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$77,782,337 and the accumulated depreciation is \$45,117,937.		32,666,400
Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds, net of allowance.		61,035
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	(4,345,000)	
Capital lease liability	(253,999)	
Pension liability	(3,265,989)	
Other post-employment benefits	(4,538,708)	
		(12,403,696)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 28,245,360

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Capital Projects Fund	Non- Major Funds	Total Governmental Funds
REVENUES				
Real estate taxes and penalties	\$ 3,479,705	\$ -	\$ -	\$ 3,479,705
Other taxes	8,581,106	-	86,786	8,667,892
Licenses and permits	444,639	-	-	444,639
Fines and forfeits	194,577	-	-	194,577
Interest, rents and royalties	148,861	2,816	30,236	181,913
Intergovernmental revenues	1,002,000	-	884,003	1,886,003
Charges for services	2,114,925	-	-	2,114,925
Miscellaneous	3,090	-	10,735	13,825
Total revenues	15,968,903	2,816	1,011,760	16,983,479
EXPENDITURES				
General government	1,313,620	5,476	-	1,319,096
Public safety	7,181,786	157,090	-	7,338,876
Highways and streets	1,470,823	168,866	1,555,385	3,195,074
Culture and recreation	704,492	-	17,367	721,859
Debt service	82,941	330,592	-	413,533
Employee benefits, insurance and other	3,888,554	-	-	3,888,554
Total expenditures	14,642,216	662,024	1,572,752	16,876,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,326,687	(659,208)	(560,992)	106,487
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(622,530)	622,530	-	-
Sale of capital assets	40,830	-	-	40,830
Refunds of prior years expenditures	372,936	-	-	372,936
Total other financing sources (uses)	(208,764)	622,530	-	413,766
NET CHANGE IN FUND BALANCES	1,117,923	(36,678)	(560,992)	520,253
FUND BALANCE (DEFICIT) - January 1, 2019 (originally stated)	6,400,690	(919,407)	1,149,965	6,631,248
Prior period adjustment (Note P)	192,201	-	-	192,201
FUND BALANCE (DEFICIT) - January 1, 2019 (restated)	6,592,891	(919,407)	1,149,965	6,823,449
FUND BALANCE (DEFICIT) - December 31, 2019	\$ 7,710,814	\$ (956,085)	\$ 588,973	\$ 7,343,702

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2019

**TOTAL NET CHANGE IN FUND BALANCES -
 GOVERNMENTAL FUNDS** \$ 520,253

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 these assets is allocated to expenses over their estimated
 useful lives as depreciation expense.

Depreciation expense	(1,323,190)	
Capital outlays	<u>350,149</u>	(973,041)

Several of the capital asset additions were purchased via a lease
 agreement, which is considered a capital lease. In the governmental funds,
 this activity is recorded as an expense; however, in the Statement of
 Activities, the capital lease obligation is recorded as a liability.

New capital lease liability	(158,445)	
Payments on capital lease liability	<u>62,249</u>	(96,196)

Because some property taxes will not be collected for
 several months after the Township's fiscal year ends, they are not
 considered as "available" revenues in the governmental funds.
 Deferred tax revenues increased by this amount this year.

(14,948)

Repayment of bonds/notes principal is an expenditure
 in the governmental funds, but the repayment reduces
 long-term liabilities in the Statement of Net Position.

225,000

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

Decrease in net pension liability	1,017,594	
Increase in deferred outflows related to pension	199,728	
Increase in deferred inflows related to pension		(1,410,579)

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

Increase in net other post-employment benefits liability	(132,299)	
Increase in deferred outflows related to other post-employment benefits	44,112	
Increase in deferred inflows related to other post-employment benefits		<u>(175,860)</u>

Change in net position of governmental activities \$ (796,236)

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION -
PROPRIETARY FUND
DECEMBER 31, 2019

	Business-Type Activities Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,317,384
Investments	9,260,585
Due from other funds	636,485
Accounts receivable	614,753
Other receivables	1,023
Prepaid expenses	12,456
	11,842,686
NONCURRENT ASSETS	
OTHER ASSETS	
Restricted assets - cash	212,946
Restricted assets - investments	7,739,660
	7,952,606
CAPITAL ASSETS	
Land and right of ways	1,826,785
Machinery and equipment	33,677,824
Collection lines	57,368,900
Construction in process	3,554,570
Treatment plant	4,591,141
	(52,140,518)
Total capital assets, net	48,878,702
Total noncurrent assets	56,831,308
Total assets	68,673,994
DEFERRED OUTFLOWS OF RESOURCES	
Bond refinancing charges	90,990
Total assets and deferred outflows of resources	\$ 68,764,984
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 1,347,272
Accrued salaries and wages	83,556
Other accrued liabilities	92,448
Due to other funds	1,251,315
Current portion of long-term debt	1,512,500
	4,287,091
NONCURRENT LIABILITIES	
Bonds and notes payable, net of current portion	22,412,700
Bond discount, net of accumulated amortization	(50,870)
Total noncurrent liabilities	22,361,830
Total liabilities	26,648,921
NET POSITION	
Net investment in capital assets	24,902,632
Restricted	7,952,606
Unrestricted	9,260,825
Total net position	42,116,063
Total liabilities and net position	\$ 68,764,984

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 5,050,767
Charges for services - intergovernmental	3,038,261
Refund of prior year expenses	41,020
	8,130,048
OPERATING EXPENSES	
Cost of services	5,168,741
Administration	335,000
Depreciation	3,117,173
	8,620,914
OPERATING INCOME (LOSS)	(490,866)
NONOPERATING REVENUES (EXPENSES)	
Tapping fees	313,296
Investment earnings	791,958
Interest expense	(771,252)
Amortization	(10,581)
Gain on sale of capital assets	45,537
Federal Build America Bonds - interest subsidy	205,830
	574,788
CHANGE IN NET POSITION	83,922
NET POSITION - JANUARY 1 , 2019	42,032,141
NET POSITION - DECEMBER 31, 2019	\$ 42,116,063

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 8,172,811
Cash payments to employees for services	(2,357,516)
Cash payments to suppliers for goods and services	(1,321,670)
	4,493,625
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvement of capital assets	(4,227,425)
Proceeds from sale of capital assets	45,537
Tapping fees received	313,296
Proceeds from borrowings, net of fees	7,994,500
Principal payments	(1,683,400)
Debt interest payments	(772,604)
Federal interest subsidy	205,830
	1,875,734
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	286,805
Purchase of investments	(12,708,679)
Sale of investments	7,282,911
	(5,138,963)
Net change in cash and cash equivalents	1,230,396
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	86,988
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,317,384
Operating loss	\$ (490,866)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	3,117,173
Decrease in accounts receivable	42,763
Decrease in prepaid expenses	31,368
Increase in accounts payable	901,260
Increase in accrued salaries and benefits	13,080
Decrease in due from other funds	42,150
Increase in due to other funds	836,697
	4,984,491
Net cash from operating activities	\$ 4,493,625

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019

	<u>Police Pension Fund</u>	<u>Schenck Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 387,368	\$ 5,196
Investments	<u>18,575,287</u>	<u>85,390</u>
Total assets	<u><u>\$ 18,962,655</u></u>	<u><u>\$ 90,586</u></u>
LIABILITIES		
	\$ -	\$ -
NET POSITION		
Restricted for:		
Pension benefits	18,962,655	-
Other purposes	<u>-</u>	<u>90,586</u>
Total net position	<u>18,962,655</u>	<u>90,586</u>
Total liabilities and net position	<u><u>\$ 18,962,655</u></u>	<u><u>\$ 90,586</u></u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2019

	Police Pension Fund	Schenck Trust Fund
ADDITIONS		
Municipal contributions	\$ 940,554	\$ -
Employee contributions	182,589	-
Investment income (loss)	2,714,538	3,662
Total additions	3,837,681	3,662
DEDUCTIONS		
Distributions and benefit payments	837,517	-
Miscellaneous expenses	54,533	-
Total deductions	892,050	-
Changes in net position	2,945,631	3,662
Net position - January 1, 2019	16,017,024	86,924
Net position - December 31, 2019	\$ 18,962,655	\$ 90,586

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - 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 significant accounting policies are as follows:

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 a component unit 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 the component unit have been included in the financial reporting entity as a discretely presented component unit.

Discretely Presented Component Unit

The Township has one component unit: the Springettsbury Township Development Authority, which has been reported in the component unit's column. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the Township. Audited financial statements of the Authority are available at the Township office.

Joint Venture

Springettsbury Township and Spring Garden Township created York Area United Fire and Rescue (YAUFR), a joint venture, in 2008. In 2018, Manchester Township joined YAUFR. Manchester Township funds 38%, Springettsbury Township funds 37% and Spring Garden Township funds 25% of operating costs for fire services. The joint venture is not a component unit of Springettsbury Township. Audited financial statements for YAUFR are available at the Fire Company's office located at 50 Commons Drive, York, Pennsylvania 17402.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

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

Basis of Presentation

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

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

Fund financial statements are also provided in the report for all of the governmental funds, proprietary fund, 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 include sewer treatment and transportation from cost sharing by the Township and other user municipalities. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

The Township reports the following major governmental funds:

General Fund - It is the Township's primary operating fund. It accounts for all financial resources except those required to be in another fund. The Township's Library Fund and Escrow Fund are included in the General Fund, as they do not meet the requirements of a Fiduciary Fund per the implementation of GASB Statement No. 84 - Fiduciary Activities.

Capital Projects Fund - This fund is used to account for financial resources related to capital asset acquisitions, construction, and improvements. This fund includes the capital improvement fund and the storm water reserve fund.

Sewer Fund - This fund is the Township's one enterprise fund and accounts for the activities of the Township's sewer treatment plant operation.

Additionally, the Township reports the following Nonmajor governmental funds:

Special Revenue Funds - These funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The funds included in this category are:

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

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

Pension Trust Fund – This fund provides benefits for Township police officers under a defined benefit pension plan. The principal revenue sources for this fund is state contributions and employer and employee contributions.

Private Purpose Trust Fund – This fund is used to account for the assets held by the Township in a trustee capacity. This fund consists of the Schenck Trust Fund. The Schenck Trust Fund was established for the maintenance of park improvements.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement of Focus and Basis of Accounting

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

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

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

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

In June 2011, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund, Special Revenue Funds and the Capital Projects 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 would be reported as assigned fund balances. As of December 31, 2019, 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.

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 and unrealized gains, which approximates fair value.

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.

Restricted Assets

Restricted assets consist of cash and investments reserved in accordance with an intermunicipal agreement between the Township and 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.

Receivables and Payables

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15 to 60
Improvements (other than buildings)	15 to 40
Machinery and equipment	3 to 20
Collection lines	5 to 50
Treatment plant	5 to 50
Transportation equipment	5 to 15
Furniture and fixtures	5 to 15
Infrastructure assets	20 to 75

Capital assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on the fixed assets in those funds.

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.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and accordingly will not be recognized as an outflow of resources until then.

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

Compensated Absences

Full-time, permanent employees and part-time employees, on a pro-rata basis, are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Township. Sick leave accrues to full-time, permanent employees and part-time employees, on a pro-rata basis, to specified maximums. Non-uniform and Teamsters employees receive none of their accumulated sick leave balance upon termination. Police officers are not entitled to their proportionate sick leave balance until they retire. However, these employees historically remain with the Township until retirement. Normal retirement age for police officers is age 50 and having 25 years of service. Police officer sick leave is paid at the officer's standard daily rate times the number of sick days, with a maximum of 19.5 days. The Township implemented a policy in 2005 to report a liability for those police officers that are within 5 years of retirement.

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.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consists of resources that are restricted by the Township for a specific purpose.
- Unrestricted - all other resources are reported in this category.

Fund Balance Policy

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

Nonspendable - amounts that are not in spendable form (such as prepaid expenses) or required to be legally or contractually maintained intact,

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

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

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

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

Committed Fund Balance Policy

The Township's committed fund balance are amounts required to be reported by the Board of Supervisors, either because of Township Policy or because of motions that passed at Board of Supervisor meetings. As of December 31, 2019, the Township did not have any committed fund balances.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Minimum Fund Balance

The Township has adopted a formal minimum fund balance policy. The Township will strive to maintain an unassigned General Fund balance of not less than ten percent (10%) of the budgeted expenditures for the year.

If the unassigned portion of the fund balance falls below the threshold of ten percent (10%) of the budgeted expenditures, the Board will pursue options of increasing revenue and decreasing expenditures, or a combination of both until the ten percent (10%) is attained.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through various due from and due to accounts.

Memorandum Only Columns

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Upcoming Pronouncements

In June of 2017, GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for periods beginning after June 15, 2021. The Township's management has not determined the impact, if any, of the implementation of this Statement on the Township's financial statements.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Upcoming Pronouncements - continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement is effective for periods beginning after December 15, 2020. The Township's management has not determined the impact, if any, of the implementation of this statement on the Township's financial statements.

NOTE B - 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.

Commercial paper, bankers' acceptances, negotiable certificates of deposits and bank deposits are also authorized to the extent that such accounts are so insured and, for any amounts above the insured maximum, are covered by collateral pledged by the depository as provided by the law.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - DEPOSITS AND INVESTMENTS - continued

Governmental and Business-Type Activities - continued

Cash and Cash Equivalents

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. The Township does not have a policy for custodial credit risk. As of December 31, 2019, none of the Township's bank balance of \$5,784,154 was exposed to custodial credit risk:

Covered by Federal Depository Insurance (FDIC)	\$ 500,000
Covered by Securities Investor Protection Corporation (SIPC)	250,000
Secured by pooled collateral as permitted by Act 72 of the Commonwealth of Pennsylvania	<u>5,034,154</u>
Total - bank balances	<u>\$ 5,784,154</u>

Reconciliation to Financial Statements

Bank balance, above	\$ 5,784,154
Plus: deposits in transit	3,902
Less: outstanding checks	<u>(84,467)</u>
Carrying amount - book balances	5,703,589
Petty cash	<u>1,200</u>
Total cash per financial statements	<u>\$ 5,704,789</u>

Investments

As of December 31, 2019, the Township had the following investments:

<u>Investments</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Certificates of Deposit	1 - 20 years	\$13,519,826
PLGIT/ARM (Money Market Fund)	N/A	<u>6,079,754</u>
		<u>\$19,599,580</u>

Interest Rate Risk

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - DEPOSITS AND INVESTMENTS - continued

Governmental and Business-Type Activities - continued

Credit Risk

The Township has an investment policy that limits its investment choices to certain credit ratings.

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. As of December 31, 2019, all of the Township's investments were covered by SIPC and Act 72.

Concentration of Credit Risk - Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Morgan Stanley	\$ 14,162,745	55.79%
York Traditions Bank	3,087,229	12.16%
Fulton Bank	2,046,047	8.06%
PLGIT	<u>6,087,713</u>	<u>23.99%</u>
	<u>\$ 25,383,734</u>	<u>100.00%</u>

Fiduciary 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, 2019, none of the Township's fiduciary funds bank balances of \$392,564 were exposed to custodial risk. These funds are covered by either FDIC, SIPC or Act 72.

Credit Risk

The Township does have an investment policy that limits its investment choices to certain credit ratings.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - DEPOSITS AND INVESTMENTS - continued

Fiduciary Funds - continued

Investments

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Township's fiduciary funds had investments as of December 31, 2019 as follows:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
FNB Wealth Management				
Common Stocks	\$ 2,985,978	\$ -	\$ -	\$ 2,985,978
Equity Funds	6,388,327	-	-	6,388,327
Fixed Income	9,200,982	-	-	9,200,982
Morgan Stanley				
Certificates of deposit	-	85,390	-	85,390
	<u>\$18,575,287</u>	<u>\$ 85,390</u>	<u>\$ -</u>	<u>\$18,660,677</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>
FNB Wealth Management	\$ 18,575,287	99.54%
Morgan Stanley	<u>85,390</u>	<u>0.46%</u>
	<u>\$ 18,660,677</u>	<u>100.00%</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - RESTRICTED ASSETS - PROPRIETARY FUND

Capital Improvement Reserve - Sewer - cash	\$ 212,946
Capital Improvement Reserve - Sewer - investments	<u>7,739,660</u>
 Total restricted assets	 <u>\$ 7,952,606</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 D - PROPERTY AND SPECIAL ASSESSMENT TAXES

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. Springettsbury Township's tax rate for the year ended December 31, 2019 was 1.70 mills (\$1.70 per \$1,000 assessed valuation). The Township levies assessments for streetlight usage to various areas of the Township. The assessments are based on a flat rate and are collected by the elected tax collector.

Property taxes and special assessment taxes levied for 2019 were due as follows:

February 15	Levy Date
February 16 to April 17	2% Discount Period
April 17 to June 14	Face Payment Period
Beginning June 15	10% Penalty Period
January 15	Lien Date

Springettsbury Township, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance is unavailable revenue. The balances at December 31, 2019 are as follows:

	<u>Taxes</u> <u>Receivable</u>	<u>Tax Revenue</u> <u>Recognized</u>	<u>Deferred</u> <u>Revenue</u>
Earned income	\$ 653,264	\$ 653,264	\$ -
Local services	133,137	133,137	-
Real estate	95,682	34,647	61,035
Real estate transfer	70,510	70,510	-
Mercantile and business privilege	82,806	82,806	-
Other	<u>13,172</u>	<u>13,172</u>	<u>-</u>
	<u>\$1,048,571</u>	<u>\$ 987,536</u>	<u>\$ 61,035</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-type Activities as of December 31, 2019, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 1,826,785	\$ -	\$ -	\$ 1,826,785
Collection Lines	33,166,596	511,228	-	33,677,824
Treatment Plant	56,720,568	666,378	(18,046)	57,368,900
Machinery and Equipment	4,065,832	615,919	(90,610)	4,591,141
Construction in Progress	-	3,554,570	-	3,554,570
Total Capital Assets	95,779,781	5,348,095	(108,656)	101,019,220
Less: Accumulated Depreciation				
Collection Lines	14,205,704	667,955	-	14,873,659
Treatment Plant	31,433,463	2,347,500	-	33,780,963
Machinery and Equipment	3,468,339	108,167	(90,610)	3,485,896
Total Accumulated Depreciation	49,107,506	3,123,622	(90,610)	52,140,518
Total Capital Assets (Business-Type Activities), Net	\$ 46,672,275	\$ 2,224,473	\$ (18,046)	\$ 48,878,702

A summary of capital assets of the Governmental Activities as of December 31, 2019, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 4,414,547	\$ -	\$ -	4,414,547
Buildings	11,696,215	8,743	-	11,704,958
Construction in Progress	26,882	51,855	(26,882)	51,855
Improvements (Other than Buildings)	5,926,336	-	-	5,926,336
Machinery and Equipment	3,399,110	235,901	(62,972)	3,572,039
Infrastructure	52,112,602	-	-	52,112,602
Total Capital Assets	77,575,692	296,499	(89,854)	77,782,337
Less: Accumulated Depreciation				
Buildings	4,343,699	291,317	-	4,635,016
Improvements (Other than Buildings)	2,918,253	218,189	-	3,136,442
Machinery and Equipment	2,101,294	261,623	(62,972)	2,299,945
Infrastructure	34,492,473	552,061	-	35,044,534
Total Accumulated Depreciation	43,855,719	1,323,190	(62,972)	45,115,937
Total Capital Assets (Governmental Activities), Net	\$ 33,719,973	\$ (1,026,691)	\$ (26,882)	\$ 32,666,400

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - CHANGES IN CAPITAL ASSETS - continued

The Business-type Activities construction in progress at December 31, 2019 consisted of expenses related to the installation of a fat, oil and grease acceptance and removal system, which includes \$24,206 of capitalized interest. An additional \$4,800,000 is expected to be spent on this project in 2020.

The Governmental Activities construction in progress at December 31, 2019 consisted of expenses related to the purchase and installation of new windows for renovations on the administrative building and police station. An additional \$916,200 is expected to be spent on this project in 2020.

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

Governmental activities:	
General government	\$ 119,087
Public safety	238,174
Highways and streets	688,059
Culture and recreation	<u>277,870</u>
Total depreciation expense - governmental activities	<u>\$ 1,323,190</u>
Business-type activities:	
Sewer	<u>\$ 3,123,622</u>

NOTE F - RESTRICTED NET POSITION

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

NOTE G - FUND BALANCE

Restricted Fund Balance

The Township's restricted fund balances are amounts restricted by outside parties. As of December 31, 2019, the Township's restricted fund balance was \$765,282; of which \$458,309 is restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes, \$104,680 is restricted for future capital purposes and \$202,293 is restricted for library purposes.

Deficit Fund Balance

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE H - LONG-TERM DEBT- BONDS/NOTES PAYABLE

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Balance as of January 1, 2019	\$ 4,570,000	\$17,323,600
Proceeds from borrowings	-	8,060,000
Principal retirements	<u>225,000</u>	<u>1,458,400</u>
Balance as of December 31, 2019	<u>\$ 4,345,000</u>	<u>\$23,925,200</u>

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

General Obligation Bonds 2010 - Series A

On March 1, 2010, the Township issued general obligation bonds in the amount of \$18,175,000. The proceeds of the Series A bonds were to finance sewer system improvements and to pay the costs and expenses related to the issuance of the Series A Bonds. The bonds bear interest rates ranging from 1.30% to 5.92% with principal maturities from November 2011 through November 2029. The balance outstanding at December 31, 2019 was \$10,810,000.

The Series A Bond qualifies as a Build America Bonds under the American Recovery and Reinvestment Act of 2009. The Township is eligible to receive a cash subsidy from the United States Treasury equal to 35% of the interest paid on the Series A Bonds. The Township received a cash subsidy of \$205,830 in 2019.

General Obligation Note, Series of 2014

On November 18, 2014, the Township issued general obligation notes in the amount of \$7,403,500. The proceeds of the note were to advance refund the General Obligations Bonds, Series AA of 2010, and pay the costs of issuing the note. The note bears a fixed rate of interest of 2.67% per annum and is scheduled to mature in November 2027. The balance outstanding at December 31, 2019 was \$5,055,200.

General Obligation Bond, Series of 2016

On May 31, 2016, the Township issued a general obligation bond in the amount of \$5,150,000. The proceeds of the bond were to refinance the General Obligation Note, Series of 2015, to pay the costs of issuing the bond, and for capital projects. The bond bears a fixed rate of interest of 2.35% per annum and is scheduled to mature in June 2035. The balance outstanding at December 31, 2019 was \$4,345,000.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE H - LONG-TERM DEBT- BONDS/NOTES PAYABLE - continued

General Obligation Note, Series of 2019

On August 27, 2019, the Township issued a general obligation note in the amount of \$8,060,000. A portion of the proceeds of the note were used for the cost of certain capital improvements for the Sewer System including a) the acquisition, construction, equipping and installation of a fat, oil and grease acceptance and removal system, b) the realignment and replacement of the Mill Creek Interceptor, and c) other capital improvements. The remainder of the funds were used for the payment of the costs and expenses of issuing the note. The note bears a fixed rate of interest of 2.694% per annum and is scheduled to mature in November 2033. The balance outstanding at December 31, 2019 was \$8,060,000.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2019 are as follows:

Enterprise Fund

Year ended December 31,	Principal	Interest	Total
2020	\$ 1,512,500	\$ 935,854	\$ 2,448,354
2021	1,559,100	874,472	2,433,572
2022	1,607,100	811,162	2,418,262
2023	1,656,600	745,776	2,402,376
2024	1,709,100	676,246	2,385,346
2025-2029	9,429,700	2,203,424	11,633,124
2030-2033	6,451,100	352,022	6,803,122
	<u>\$ 23,925,200</u>	<u>\$6,598,956</u>	<u>\$ 30,524,156</u>

Governmental Funds

Year ended December 31,	Principal	Interest	Total
2020	\$ 230,000	\$ 101,090	\$ 331,090
2021	235,000	96,490	331,490
2022	240,000	91,790	331,790
2023	245,000	86,990	331,990
2024	250,000	82,090	332,090
2025-2029	1,325,000	331,830	1,656,830
2030-2034	1,495,000	160,810	1,655,810
2035	325,000	8,450	333,450
	<u>\$ 4,345,000</u>	<u>\$ 959,540</u>	<u>\$ 5,304,540</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE H - LONG-TERM DEBT- BONDS/NOTES PAYABLE - continued

Bond Refinancing Charges

In the event that advance refunding of debt results in a defeasance, full accrual basis of accounting requires that the amounts deposited in escrow in excess of the net carrying amount of the old debt are to be amortized over the life of the old debt or the life of the new debt, whichever is shorter. The amortization of this charge will be recognized as a component of interest expense. The Township has one bond refinancing charge that is amortizing, utilizing the straight-line method, with amortization through 2027. For the year ended December 31, 2019, the Township amortized \$10,581 as a component of interest expense.

NOTE I - CAPITAL LEASE

During 2017, the Township entered into a capital lease agreement for multiple fleet vehicles. Eight vehicles under this agreement were received between April and August 2018, and four vehicles under this agreement were received between June and December 2019. Three vehicles have a lease term of thirty-six months and the other nine vehicles have a lease term of sixty months. Monthly principal payments range from \$416 to \$1,144. Total principal payments on these vehicles during the year ending December 31, 2019 was \$62,249. The outstanding liability for these vehicles at December 31, 2019 is \$253,999.

Following are the future minimum payments on the above leases (including principal and interest):

<u>Year</u>	<u>Payments</u>
2020	95,558
2021	85,084
2022	64,137
2023	46,190
2024	<u>13,666</u>
	<u>\$ 304,635</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE J - PENSION PLANS

POLICE PENSION PLAN

Plan Description

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

Eligibility Requirements and Benefits Descriptions

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

The normal retirement pension is payable monthly during the participant's lifetime, with payments continuing after the participant's death to the surviving spouse equal to 50% of the amount payable to the participant. The amount of monthly pension is equal to 50% of average monthly pay plus \$50 per year for each year of service in excess of 25 years of service subject to a maximum increment of \$100.

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

If a participant is disabled in the line of duty, they are eligible for disability pension. The disability pension is equal to 50% of the member's average monthly pay at the time of disability, offset by any Social Security disability payments.

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions. Based on the actuarial report, the plan is currently underfunded and the member contribution rate is 5%.

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE J - PENSION PLANS - continued

Plan Membership

Membership of the plan as of December 31, 2019 consisted of:

Inactive members or beneficiaries currently receiving benefits	25
Inactive members entitled to but not yet receiving benefits	3
Active members	<u>30</u>
Total Members	<u>58</u>

Net Pension Liability

The net pension liability was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	5.00%	(average, including inflation)
Investment rate of return	7.00%	(including inflation)
Postretirement cost of living increase	3.00%	

Mortality rates were based on the PubS-2010 mortality table, including rates for disables retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	43.00%	5.50% - 7.50%
International Equity	11.00%	4.50% - 6.50%
Fixed Income	42.00%	1.00% - 3.00%
Cash	4.00%	0.00% - 1.00%

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE J - PENSION PLANS - continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/18	\$ 20,300,239	\$ 16,016,656	\$ 4,283,583
Service Cost	578,227	-	578,227
Interest Cost	1,481,579	-	1,481,579
Changes for Experience	(472,759)	-	(472,759)
Changes of Assumptions	1,178,422	-	1,178,422
Contributions - employer	-	940,554	(940,554)
Contributions - member	-	154,458	(154,458)
Net Investment Income	-	2,660,969	(2,660,969)
Benefit Payments, including refunds of member contributions	(837,432)	(837,432)	-
Military Service Purchase	-	27,082	(27,082)
Net Changes	<u>1,928,037</u>	<u>2,945,631</u>	<u>(1,017,594)</u>
Balances at 12/31/19	<u>\$ 22,228,276</u>	<u>\$ 18,962,287</u>	<u>\$ 3,265,989</u>

Changes in Net Pension Liability

Deferred outflows of resources for the governmental funds at December 31, 2019 were \$2,692,244, which represents contributions subsequent to the measurement date. Deferred inflows of resources for the governmental funds at December 31, 2019 were \$2,206,939, which represents receipts subsequent to the measurement date.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE J - PENSION PLANS - continued

Changes in Net Pension Liability - continued

The difference between projected and actual investment earnings was \$1,530,788 and will be recognized over five years. All differences are accumulated with prior year differences. These differences will be recognized as follows:

Years ended December 31:

2020	\$ 284,919
2021	40,027
2022	129,631
2023	129,631
2024	<u>(275,952)</u>
 Total	 <u>\$ 308,256</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Plan's Net Pension Liability	<u>\$ 6,376,006</u>	<u>\$ 3,265,989</u>	<u>\$ 709,215</u>

NON-UNIFORMED PENSION PLAN

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

Non-uniformed employees over the age of 21 are eligible to participate after 6 months of service. A participant is eligible for normal retirement after attainment of age 59.5. Participants become 20% vested in the Township's contributions after three years of employment. An additional 20% is vested for each additional year of employment. A participant becomes fully vested after seven years of employment. Each participant is required to contribute 2% of gross pay. Employer contributions equal 9.0% of employee's gross pay for non-teamster members, and 9.5% for employees that are teamster members. For the year ended December 31, 2019, the Township contributed \$299,656 to the Non-Uniformed Pension Plan.

The Non-uniformed Plan is not considered a Fiduciary Fund of the Township per GASB 84 - Fiduciary Activities; therefore, it is not included in the Township's financial statements.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - 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 L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The Township has implemented Governmental Accounting Standards Board Statement No.75, "Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits provided by the Township.

The Township's post-employment healthcare plan is a single-employer defined benefit healthcare plan. The Township provides certain health care benefits to retired police and certain retired fire employees as required by union contracts. Medical (until age 65), dental, vision and prescription benefits require 50% co-pay by the retiree. The cost of retiree's retirement benefit 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 estimated obligation is included in the Township's basic financial statements.

The Township transferred its OPEB plan for current firefighters to the York Area United Fire and Rescue (YAUFR) effective January 1, 2011. The Township maintains an OPEB plan for all former firefighters that retired prior to the formation of YAUFR.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS -

continued

POLICE OFFICERS

Eligibility Requirements and Benefits Descriptions

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 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 (PPO), dental, prescription drug and vision benefits currently provided to active officers. For pre-January 1, 2005 retirees, medical coverage ceases upon Medicare eligibility; however, prescription drug, dental and vision benefits can continue for life. For post-January 1, 2005 retirees, all coverage ceases at an earlier of ten years or Medicare eligibility, but the coverage can continue until Medicare eligibility if the retiree pays 105% of the premium. Benefits are available to the retiree, spouse, and eligible dependents.

For post-January 1, 2005 retirees, the retiree or disabled officer must pay the Township an amount equal to 20% of the cost of any insurance premiums. If a retiree or disabled officer elects prescription drug coverage only, then they must pay an amount equal to 75% of the cost of any insurance premium. After 10 years of benefits received, the retiree or disabled officer must pay 105% of any insurance premiums to continue coverage. All benefits cease at Medicare eligibility for post-January 1, 2005 retirees. Retirees who retired prior to January 1, 2005 must pay the Township an amount equal to 50% of the cost of any insurance premiums until Medicare age. If a retiree or disabled officer elects prescription drug coverage only, then they must pay an amount equal to 75% of any insurance premium.

A retired officer shall not be eligible for medical, dental, prescription and/or vision coverage 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 if the retiree pays 25% (50% for pre-January 1, 2005 retirees) of the cost of any insurance premiums. Upon death of a retired or disabled officer, the spouse and dependents may continue to be covered as described above. Spouse coverage shall cease upon remarriage.

Benefits Payable Upon Death of a Police Officer on Active Duty

The spouse and eligible dependents of an active Police Officer Killed in the Line of Duty may receive medical, dental, prescription drug, and vision benefits, provided they pay to the Township the same amount of cost sharing as active police officers. As the health benefits and obligations/requirements for active officers change, the benefits and obligations/requirements for the spouse shall likewise change correspondingly. The spouse may continue coverage until remarriage, death or Medicare eligibility. Dependent coverage will continue until they are no longer eligible as a dependent under the current insurance plan.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS -
 continued

PAID FIREMEN

Eligibility Requirements and Benefits Descriptions

All former firefighters that retired prior to the formation of YAUFRA are eligible. A retired firefighter may receive medical (PPO), dental, and prescription drug benefits currently provided to active firefighters. Medical coverage (PPO) ceases upon Medicare eligibility or if the retiree obtains coverage elsewhere; however, prescription drug, dental, and vision benefits can continue for life. Benefits are available to the retiree, spouse, and eligible dependents. Upon death of a retiree, benefits continue to the spouse and eligible dependents.

Cost Sharing: The retiree must pay the Township an amount equal to 50% of the cost of any insurance premiums. When the retiree reaches Medicare eligibility, the spouse may continue in the Medical (PPO) plan until the spouse reaches Medicare eligibility if the spouse contributes the COBRA rate for coverage.

Actuarial Methods and Assumptions

- Discount rate - Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2019.
- Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases were assumed to be 5.0%.
- Withdrawal - sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	5.50%	35	2.50%	50	0.00%
25	5.00%	40	1.00%	55	0.00%
30	4.00%	45	0.50%	60	0.00%

- Mortality - IRS 2017 Static Combined Table for Small Plans. 25% of deaths of police are killed-in-service. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.
- Disability - SOA 1987 Group LTD Table - Males, 6-month elimination. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.0764%	35	0.1242%	50	0.5396%
25	0.0854%	40	0.1760%	55	0.9770%
30	0.0986%	45	0.2944%	60	1.4774%

- Retirement - Latest of age 53, age at the completion of 25 years of service, or age on valuation date

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS -
 continued

Actuarial Methods and Assumptions - continued

- Percent of Eligible Retirees Electing Coverage in Plan
 - Police - Before age 62, 60% of eligible retirees are assumed to elect medical, prescription drug, dental and vision coverage on retiring. Upon attainment of age 62-65, 100% of eligible retirees are assumed to elect medical, dental, prescription drug, and vision coverage. Vested Former Members are assumed to elect coverage at age 62 or age at valuation date, if later.
 - Paid Firemen - Not applicable.
- Percent Married at Retirement and Spouse Age at Retirement - 80% are assumed to be married and have a spouse covered at retirement. Wives are assumed to be 2 years younger than their husbands.
- Non-spouse Dependents - none assumed.
- Per Capita Claims Cost - The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. Post-65 claims only include prescription drug coverage, since retirees cannot continue medical coverage past age 65. The resulting costs are as follows:

	<u>Prescription Drug</u>	
	<u>Combined</u>	
<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 9,281	\$ 13,404
50-54	12,292	15,149
55-59	14,971	15,851
60-64	19,536	18,209
65+	1,890	1,890

- Retiree Contributions - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Health Care Cost Trend Rate - 6.0% in 2018, and 5.5% in 2019 through 2021. Rate gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets - equal to the market value of assets.
- Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- Participant Data - Based on census information as of January 1, 2018.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS -
 continued

Changes in Assumptions

The discount rate changed from 3.16% to 3.64%.

Plan Membership

Membership of the plan as of December 31, 2018 consisted of:

	<u>Police</u>	<u>Paid Firemen</u>
Active participants	31	-
Vested former participants	4	-
Retired participants	<u>12</u>	<u>3</u>
	<u>47</u>	<u>3</u>

Annual payroll for active police is \$2,786,631. There are no active firemen.

Deferred Outflows of Resources

As of December 31, 2019, \$268,474 is reported as deferred outflows of resources related to the Township's OPEB plan resulting from changes in assumptions (\$133,208) and benefit payments subsequent to the measurement date (\$135,266). The subsequent benefit payments will be recognized as of the reduction of the net post-employment benefits in subsequent years.

Deferred Inflows of Resources

As of December 31, 2019, \$175,860 is reported as deferred inflows of resources related to the Township's OPEB plan resulting from changes in assumptions.

The changes in assumptions reported as deferred outflows and inflows of resources will be recognized in post-employment expense over seven years as follows, when combined with the deferred outflows from previous years:

Year ended December 31:

2020	\$ (2,921)
2021	(2,921)
2022	(2,921)
2023	(2,921)
2024	(2,921)
Thereafter	<u>(28,047)</u>
Total	<u>\$ (42,652)</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS -
 continued

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(2.64%)	(3.64%)	(4.64%)
Plan's Net OPEB Liability	\$ 4,968,915	\$ 4,538,708	\$ 4,150,670

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Plan's Net OPEB Liability	\$ 3,981,439	\$ 4,538,708	\$ 5,197,760

NOTE M - DUE TO/FROM OTHER FUNDS

The interfund receivables and payables balances at December 31, 2019 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,666,643	\$ 65,376
Capital Improvements Fund	4,425	995,292
Special Revenue	4,430	-
Enterprise Fund	636,485	1,251,315
	<u>\$ 2,311,983</u>	<u>\$ 2,311,983</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - CONTINGENCIES

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 and/or would be covered by the Township's insurance.

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.

Health Insurance

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by Highmark Blue Shield. During the year ended December 31, 2019, the Township remitted their contracted monthly amount to IIC who pays the funds directly to Highmark Blue Shield. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. The Township has a limited liability of \$55,000 per covered person on the plan, with a Stop Loss coverage thereafter.

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, 2019. As of December 31, 2019, 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 66 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 \$1,000,000 for a claim over its life. As of December 31, 2019, the Township is not aware of any additional assessments relating to the Trust.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - CONTINGENCIES - continued

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, 2019, no settlements exceeded insurance coverage.

NOTE O - COMMITMENTS

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

	4.8 MGD Capacity	Lease Rental Plant	Total
2020	\$230,000	\$ 76,000	\$306,000
2021	230,000	76,000	306,000
2022	30,000	-	30,000
2023	30,000	-	30,000
2024	30,000	-	30,000
	\$550,000	\$ 152,000	\$702,000

NOTE P - PRIOR PERIOD ADJUSTMENT

As of January 1, 2019, the Township implemented GASB #84 - *Fiduciary Activities*. By implementing this pronouncement, the Township no longer reports its Non-Uniform Pension Fund, Library Fund and Escrow Fund in its Statement of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, since they do not meet the requirements of a Fiduciary Fund. The Library Fund and Escrow Fund are now reported as part of the General Fund. The Non-Uniform Pension Fund is no longer included in the financial statements.

This implementation resulted in a prior period adjustment of \$192,201 increase to the General Fund beginning fund balance, \$454,771 increase to General Fund cash and \$262,570 increase to General Fund other liabilities.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE Q - SUBSEQUENT EVENTS

General Obligation Note, Series of 2020

On May 15, 2020, the Township issued a general obligation note in the amount of \$24,023,000. The note was issued to a) refund the Township's General Obligation Bonds Series A of 2010, b) refund the Township's General Obligation Note, Series of 2014, c) refund the Township's General Obligation Note, Series of 2019, and d) the costs and expenses of issuing the note. The note bears a fixed rate of interest of 2.03% per annum and is scheduled to mature in November 2033.

Management has evaluated subsequent events through the date of the Independent Auditors' report, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real estate taxes and penalties	\$3,561,636	\$ 3,561,636	\$ 3,479,705	\$ (81,931)
Other taxes	7,905,000	7,905,000	8,581,106	676,106
Licenses and permits	465,000	465,000	444,639	(20,361)
Fines and forfeits	213,000	213,000	194,577	(18,423)
Interest, rents, and royalties	22,000	22,000	148,861	126,861
Intergovernmental revenues	937,643	937,643	1,002,000	64,357
Charges for services	1,453,500	1,453,500	2,115,089	661,589
Miscellaneous	2,500	2,500	2,926	426
Total revenues	14,560,279	14,560,279	15,968,903	1,408,624
EXPENDITURES				
General government	3,365,214	3,365,214	1,313,620	2,051,594
Public safety	9,087,731	9,087,731	7,181,786	1,905,945
Highways and streets	1,514,450	1,514,450	1,470,823	43,627
Culture and recreation	721,209	721,209	704,492	16,717
Debt service	330,590	330,590	82,941	247,649
Employee benefits, insurance and other	310,760	310,760	3,888,554	(3,577,794)
Total expenditures	15,329,954	15,329,954	14,642,216	687,738
Excess of revenues over expenditures	<u>(769,675)</u>	<u>(769,675)</u>	<u>1,326,687</u>	<u>2,096,362</u>
OTHER FINANCING SOURCES (USES)				
Use of fund balance	729,463	729,463	-	(729,463)
Transfers out	(249,790)	(249,790)	(622,530)	(372,740)
Other financing sources	290,002	290,002	40,830	(249,172)
Refund of prior year expenses	-	-	372,936	372,936
Total other financing sources (uses)	769,675	769,675	(208,764)	(978,439)
Changes in fund balance	-	-	1,117,923	1,117,923
Fund balances - January 1, 2019	6,400,690	6,400,690	6,400,690	-
Prior period adjustment (Note P)	-	-	192,201	192,201
Fund balances - January 1, 2019 (restated)	6,400,690	6,400,690	6,592,891	192,201
Fund balances - December 31, 2019	<u>\$6,400,690</u>	<u>\$ 6,400,690</u>	<u>\$ 7,710,814</u>	<u>\$ 1,310,124</u>

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2019

	Capital Improvement Fund		Storm Water Reserve Fund		Total	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
REVENUES						
Interest, rents and royalties	\$ 300	\$ 730	\$ 125	\$ 2,086	\$ 425	\$ 2,816
Total revenues	<u>300</u>	<u>730</u>	<u>125</u>	<u>2,086</u>	<u>425</u>	<u>2,816</u>
EXPENDITURES						
Public safety	159,090	157,090	-	-	159,090	157,090
Highways and streets	93,000	168,866	-	-	93,000	168,866
Other public works	-	5,476	-	-	-	5,476
Debt service	334,590	330,592	-	-	334,590	330,592
Total expenditures	<u>586,680</u>	<u>662,024</u>	<u>-</u>	<u>-</u>	<u>586,680</u>	<u>662,024</u>
(Deficiency) of revenues over expenditures	<u>(586,380)</u>	<u>(661,294)</u>	<u>125</u>	<u>2,086</u>	<u>(586,255)</u>	<u>(659,208)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	580,380	622,530	-	-	580,380	622,530
Total other financing sources (uses)	<u>580,380</u>	<u>622,530</u>	<u>-</u>	<u>-</u>	<u>580,380</u>	<u>622,530</u>
Net change in fund balances	(6,000)	(38,764)	125	2,086	(5,875)	(36,678)
FUND BALANCE (DEFICIT) - January 1, 2019	<u>(1,022,001)</u>	<u>(1,022,001)</u>	<u>102,594</u>	<u>102,594</u>	<u>(919,407)</u>	<u>(919,407)</u>
FUND BALANCE (DEFICIT) - December 31, 2019	<u><u>\$ (1,028,001)</u></u>	<u><u>\$ (1,060,765)</u></u>	<u><u>\$ 102,719</u></u>	<u><u>\$ 104,680</u></u>	<u><u>\$ (925,282)</u></u>	<u><u>\$ (956,085)</u></u>

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Subdivision Recreation Fund		Total	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
REVENUES								
Other taxes	\$ -	\$ -	\$ 87,000	\$ 86,786	\$ -	\$ -	\$ 87,000	\$ 86,786
Interest, rents and royalties	5,000	21,855	500	1,885	20	6,496	5,520	30,236
Intergovernmental revenue	855,000	884,003	-	-	-	-	855,000	884,003
Miscellaneous revenue	-	10,735	-	-	-	-	-	10,735
Contributions from private sources	-	-	-	-	2,000	-	2,000	-
Total revenues	860,000	916,593	87,500	88,671	2,020	6,496	949,520	1,011,760
EXPENDITURES								
Highways and streets	860,000	1,475,095	87,500	80,290	-	-	947,500	1,555,385
Culture and recreation	-	-	-	-	-	17,367	-	17,367
Total expenditures	860,000	1,475,095	87,500	80,290	-	17,367	947,500	1,572,752
Net change in fund balances	-	(558,502)	-	8,381	2,020	(10,871)	2,020	(560,992)
FUND BALANCE - January 1, 2019	1,016,811	1,016,811	122,283	122,283	10,871	10,871	1,149,965	1,149,965
FUND BALANCE - December 31, 2019	<u>\$ 1,016,811</u>	<u>\$ 458,309</u>	<u>\$ 122,283</u>	<u>\$ 130,664</u>	<u>\$ 12,891</u>	<u>\$ -</u>	<u>\$ 1,151,985</u>	<u>\$ 588,973</u>

SPRINGETTSBURY TOWNSHIP
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS -
POLICE PENSION PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2005	\$ 8,084,958	\$ 9,433,418	\$ (1,348,460)	85.71%	\$ 1,720,759	-78.36%
1/1/2006	8,438,716					
1/1/2007	9,193,690	10,563,398	(1,369,708)	87.03%	2,059,773	-66.50%
1/1/2008	9,713,696					
1/1/2009	8,226,888	11,397,557	(3,170,669)	72.18%	2,183,363	-145.22%
1/1/2010	9,459,981					
1/1/2011	10,385,336	12,474,307	(2,088,971)	83.25%	2,585,412	-80.80%
1/1/2012	10,749,550					
1/1/2013	11,934,025	14,321,869	(2,387,844)	83.33%	2,692,132	-88.70%
1/1/2014	13,513,767					
1/1/2015	14,168,828	17,116,690	(2,947,862)	82.78%	2,617,369	-112.63%
1/1/2016	14,872,625					
1/1/2017	16,823,486	19,268,248	(2,444,762)	87.31%	2,787,651	-87.70%
1/1/2018	16,016,656	20,300,239	(4,283,583)	78.90%	2,889,962	-148.22%
1/1/2019	18,962,287	22,228,276	(3,265,989)	85.31%	2,841,417	-114.94%

Schedule of Contributions from Employer

Year	Annual Required Contribution	Contributions From Employer ⁽¹⁾	Percentage Contributed
2005	\$ 432,744	\$ 442,580	102.27%
2006	398,808	406,308	101.88%
2007	466,890	466,890	100.00%
2008	474,384	474,384	100.00%
2009	500,711	500,711	100.00%
2010	488,431	488,431	100.00%
2011	696,041	696,041	100.00%
2012	612,225	612,225	100.00%
2013	620,661	620,661	100.00%
2014	640,060	640,060	100.00%
2015	719,203	719,203	100.00%
2016	707,491	770,318	108.88%
2017	728,359	728,359	100.00%
2018	725,315	725,315	100.00%
2019	940,554	940,554	100.00%

⁽¹⁾ Includes general municipal pension system state aid.

SPRINGETTSBURY TOWNSHIP
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY
DECEMBER 31, 2019

TOTAL PENSION LIABILITY	
Service cost	\$ 578,227
Interest	1,481,579
Changes for experience	(472,759)
Changes in assumptions	1,178,422
Benefit payments	<u>(837,432)</u>
NET CHANGES IN TOTAL PENSION LIABILITY	1,928,037
TOTAL PENSION LIABILITY - beginning of year	<u>20,300,239</u>
TOTAL PENSION LIABILITY - end of year	22,228,276
PLAN FIDUCIARY NET POSITION	
Contributions - employer	968,685
Contributions - plan members	154,458
Interest and dividend income	414,061
Net investment income	488,946
Benefit payments	(709,217)
Market appreciation/depreciation	1,811,530
Administrative expense	<u>(182,832)</u>
NET CHANGES IN PLAN FIDUCIARY NET POSITON	2,945,631
PLAN FIDUCIARY NET POSITION - beginning of year	<u>16,016,656</u>
PLAN FIDUCIARY NET POSITION - end of year	<u>18,962,287</u>
TOWNSHIP'S NET PENSION LIABILITY	<u><u>\$3,265,989</u></u>

SPRINGETTSBURY TOWNSHIP

SCHEDULE OF THE TOWNSHIP'S OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
YEAR ENDED DECEMBER 31, 2019

	<u>Police</u>	<u>Paid Firemen</u>	<u>Total</u>
Total OPEB liability	\$ 4,409,127	\$ 129,581	\$ 4,538,708
Plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 4,409,127</u>	<u>\$ 129,581</u>	<u>\$ 4,538,708</u>
Deferred Outflows of Resources	<u>\$ 256,608</u>	<u>\$ 11,866</u>	<u>\$ 268,474</u>
Deferred Inflows of Resources	<u>\$ 169,993</u>	<u>\$ 5,867</u>	<u>\$ 175,860</u>
OPEB Expense	<u>\$ 394,995</u>	<u>\$ 4,318</u>	<u>\$ 399,313</u>
Beginning liability	\$ 4,268,159	\$ 138,250	\$ 4,406,409
Service cost	256,080	-	256,080
Interest	141,892	4,262	146,154
Changes in assumptions	(194,278)	(6,705)	(200,983)
Benefit payments	<u>(62,726)</u>	<u>(6,226)</u>	<u>(68,952)</u>
Net changes	<u>140,968</u>	<u>(8,669)</u>	<u>132,299</u>
Ending liability	<u>\$ 4,409,127</u>	<u>\$ 129,581</u>	<u>\$ 4,538,708</u>
Covered-employee payroll	\$ 2,786,631	\$ -	\$ 2,786,631
Total OPEB liability as a % of covered-employee payroll	158.22%	N/A	162.87%

SUPPLEMENTARY INFORMATION

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Capital Improvement Fund	Storm Water Reserve Fund	Total
ASSETS			
Cash and cash equivalents	\$ 62,416	\$ -	\$ 62,416
Investments	7,959	104,680	112,639
Due from other funds	4,425	-	4,425
	<u>74,800</u>	<u>-</u>	<u>4,425</u>
Total assets	<u>\$ 74,800</u>	<u>\$ 104,680</u>	<u>\$ 179,480</u>
LIABILITIES			
Due to other funds	\$ 995,292	\$ -	\$ 995,292
Accounts payable	51,939	-	51,939
Retainage payable	88,334	-	88,334
	<u>1,135,565</u>	<u>-</u>	<u>1,135,565</u>
Total liabilities	<u>1,135,565</u>	<u>-</u>	<u>1,135,565</u>
FUND BALANCES (DEFICITS):			
Restricted	-	104,680	104,680
Unassigned	(1,060,765)	-	(1,060,765)
	<u>(1,060,765)</u>	<u>104,680</u>	<u>(956,085)</u>
Total fund balances (deficits)	<u>(1,060,765)</u>	<u>104,680</u>	<u>(956,085)</u>
Total liabilities and fund balances	<u>\$ 74,800</u>	<u>\$ 104,680</u>	<u>\$ 179,480</u>

SPRINGETTSBURY TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2019

	Capital Improvement Fund	Storm Water Reserve Fund	Total
REVENUES			
Interest, rents and royalties	\$ 730	\$ 2,086	\$ 2,816
Total revenues	730	2,086	2,816
EXPENDITURES			
General government	5,476	-	5,476
Public safety	157,090	-	157,090
Highways and streets	168,866	-	168,866
Debt service	330,592	-	330,592
Total expenditures	662,024	-	662,024
Excess (deficit) of revenues over expenditures	(661,294)	2,086	(659,208)
OTHER FINANCING SOURCES (USES)			
Transfers in	622,530	-	622,530
Total other financing sources (uses)	622,530	-	622,530
NET CHANGE IN FUND BALANCES	(38,764)	2,086	(36,678)
FUND BALANCE (DEFICIT) - January 1, 2019	(1,022,001)	102,594	(919,407)
FUND BALANCE (DEFICIT) - December 31, 2019	<u>\$ (1,060,765)</u>	<u>\$ 104,680</u>	<u>\$ (956,085)</u>

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
ASSETS				
Cash and cash equivalents	\$ 458,309	\$ 138,051	\$ -	\$ 596,360
Investments	-	-	289,945	289,945
Taxes receivable, net	-	644	-	644
Due from other funds	-	-	4,430	4,430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 458,309</u>	<u>\$ 138,695</u>	<u>\$ 294,375</u>	<u>\$ 891,379</u>
LIABILITIES				
Accounts payable	\$ -	\$ 8,031	\$ 294,375	\$ 302,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>8,031</u>	<u>294,375</u>	<u>302,406</u>
FUND BALANCES				
Restricted	458,309	-	-	458,309
Assigned	-	130,664	-	130,664
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>458,309</u>	<u>130,664</u>	<u>-</u>	<u>588,973</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 458,309</u>	<u>\$ 138,695</u>	<u>\$ 294,375</u>	<u>\$ 891,379</u>

SPRINGETTSBURY TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
REVENUES				
Other taxes	\$ -	\$ 86,786	\$ -	\$ 86,786
Interest, rent and royalties	21,855	1,885	6,496	30,236
Intergovernmental revenue	884,003	-	-	884,003
Miscellaneous revenue	10,735	-	-	10,735
Total revenues	916,593	88,671	6,496	1,011,760
EXPENDITURES				
Highways and streets	1,475,095	80,290	-	1,555,385
Culture and recreation	-	-	17,367	17,367
Total expenditures	1,475,095	80,290	17,367	1,572,752
NET CHANGE IN FUND BALANCES	(558,502)	8,381	(10,871)	(560,992)
FUND BALANCE - January 1, 2019	1,016,811	122,283	10,871	1,149,965
FUND BALANCE - December 31, 2019	\$ 458,309	\$ 130,664	\$ -	\$ 588,973