

Springettsbury Township Development Authority

Financial Statements and Independent Auditors' Report

December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

Authority Members
Springettsbury Township Development Authority

We have audited the accompanying financial statements of Springettsbury Township Development Authority (the Authority), a component unit of Springettsbury Township, as of and for the years ended December 31, 2016 and 2015, which comprise the statements of net position, statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinion.

INDEPENDENT AUDITORS' REPORT - continued

Opinions

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of Springettsbury Township Development Authority as of December 31, 2016 and 2015, and the respective changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stambaugh Ness, PC

York, Pennsylvania
June 19, 2017

SPRINGGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016 AND 2015

The Management's Discussion and Analysis for the financial statements related to the Springgettsbury Township Development Authority provides the reader with a general summary of the Development Authority's activities for the years ending December 31, 2016 and 2015.

The Management Discussion and Analysis is designed to assist the reader in the following areas:

1. Focus upon significant financial issues
2. Provide an overview of the Authority's financial activities
3. Identify overall changes in the Authority's financial position
4. Identify any material deviations from the financial plan

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

Financial Highlights

- The Development Authority secured a \$5,683,920 Infrastructure and Facilities Improvement Program grant from the Department of Community and Economic Development in 2006. These grant funds were used by the Authority to pay debt service for the infrastructure improvements related to the York Towne Center. The Authority annually received approximately \$568,000 of grant revenue. The final payment was received on January 19, 2016 for the year 2015.
- The Authority contracted in 2006 with the developers of the York Towne Center for on and off-site improvements for the development of a new commercial venture on Mount Zion and Concord Roads. This effort led to the grant award highlighted above. The York Towne Center is anticipating in the long-term, approximately 1,000 jobs being created for the Springgettsbury labor market. In addition, total tax revenue amounting to 5 million dollars has also been estimated. The Center opened in the fall of 2007 and has been at 100% occupancy.
- During 2010, the Township entered into an agreement with the Commonwealth of Pennsylvania Department of Transportation to participate in the improvement to Market Street and Mount Zion Road. The Development Authority contributed \$500,000 to this project. The project was completed in 2015 and the Authority paid their pledged amount of \$500,000.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - continued
DECEMBER 31, 2016 AND 2015

OVERVIEW:

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

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

NOTES:

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

CONTACT:

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

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION

ASSETS

	December 31,		Increase
	2016	2015	(decrease)
CURRENT ASSETS			
Cash and cash equivalents	\$ 79,193	\$ 76,634	\$ 2,559
Due from primary government	-	568,120	(568,120)
	79,193	644,754	(565,561)
Total current assets	79,193	644,754	(565,561)
Total assets	\$ 79,193	\$ 644,754	\$ (565,561)

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Due to primary government	\$ -	\$ 558,768	\$ (558,768)
Total current liabilities	-	558,768	(558,768)
Total liabilities	-	558,768	(558,768)
NET POSITION			
Unrestricted	79,193	85,986	(6,793)
Total net position	79,193	85,986	(6,793)
Total liabilities and net position	\$ 79,193	\$ 644,754	\$ (565,561)

See accompanying notes.

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

	<u>Years ended December 31,</u>		<u>Increase</u>
	<u>2016</u>	<u>2015</u>	<u>(decrease)</u>
OPERATING REVENUES			
State grants	<u>\$ -</u>	<u>\$ 568,120</u>	<u>\$ (568,120)</u>
Total operating revenues	-	568,120	(568,120)
OPERATING EXPENSES			
Highway and streets	-	500,000	(500,000)
Professional fees	<u>6,976</u>	<u>3,314</u>	<u>3,662</u>
Total operating expenses	<u>6,976</u>	<u>503,314</u>	<u>(496,338)</u>
Operating income (loss)	(6,976)	64,806	(71,782)
NONOPERATING REVENUES (EXPENSES)			
Interest income	183	9,980	(9,797)
Interest expense	<u>-</u>	<u>(28,037)</u>	<u>28,037</u>
Total nonoperating revenues (expenses)	<u>183</u>	<u>(18,057)</u>	<u>18,240</u>
Changes in net position	(6,793)	46,749	(53,542)
Net position - beginning of year	<u>85,986</u>	<u>39,237</u>	<u>46,749</u>
Net position - end of year	<u>\$ 79,193</u>	<u>\$ 85,986</u>	<u>\$ (6,793)</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ -	\$ 568,120
Cash payments for goods and services	<u>(6,976)</u>	<u>(512,740)</u>
NET CASH FROM OPERATING ACTIVITIES	(6,976)	55,380
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payment on debt	-	(805,000)
Payments from Springettsbury Township	9,352	256,000
Interest paid	<u>-</u>	<u>(28,037)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>9,352</u>	<u>(577,037)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>183</u>	<u>9,980</u>
NET CASH FROM INVESTING ACTIVITIES	<u>183</u>	<u>9,980</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,559	(511,677)
Cash and cash equivalents - beginning of year	<u>76,634</u>	<u>588,311</u>
Cash and cash equivalents - end of year	<u>\$ 79,193</u>	<u>\$ 76,634</u>
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	<u>\$ (6,976)</u>	<u>\$ 64,806</u>
Adjustments to reconcile Operating Income to Net Cash from by Operating Activities		
Increase (decrease) in due to Primary Government	<u>-</u>	<u>(9,426)</u>
Total adjustment	<u>-</u>	<u>(9,426)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (6,976)</u>	<u>\$ 55,380</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE A - NATURE OF OPERATIONS

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Basis of Accounting

The financial statements of the Authority are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources.

Estimates

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

Capital Assets

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

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. There were no cash equivalents at December 31, 2016.

Net Position Flow Assumption

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

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The Authority maintains its cash balances at one financial institution. The balances insured by the Federal Deposit Insurance Corporation were up to \$250,000 for all accounts as of December 31, 2016 and 2015. The excess, if any, is covered by collateral held by the pledging financial institution's trust department on all stated accounts.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. As of December 31, 2016 and 2015, the Authority's bank balance was \$79,193 and \$76,634, respectively. At December 31, 2016 and 2015, the Authority had no uncovered amounts.

Interest Rate Risk

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

SPRINGETTSBURY TOWNSHIP DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE D - LONG-TERM DEBT

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

Guaranteed Revenue Note A & Note B - 2006

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

NOTE E - GRANT REVENUE

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

NOTE F - COMMITMENTS

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

NOTE G - SUBSEQUENT EVENTS

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