

RatingsDirect®

Summary:

Springettsbury Township, Pennsylvania; General Obligation

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Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

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Credit Profile

Springettsbury Twp GO

Long Term Rating

A+/Stable

Affirmed

Springettsbury Twp GO (AGM)

Unenhanced Rating

A+(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services affirmed its 'A+' long-term rating and underlying rating (SPUR), with a stable outlook, on Springettsbury Township, Pa.'s general obligation (GO) bonds.

The rating reflects our opinion of the township's:

- Position as a regional retail center, supported by per capita retail sales at 285% of the national average;
- Strong income and extremely strong wealth;
- Strong financial performance, including strong fund balance reserves; and
- Low carrying charges with above-average debt amortization.

The township's full-faith-credit-and-taxing power secures the GO bonds.

The township is in south-central Pennsylvania, immediately east of York and about 30 miles south of Harrisburg. As York County's commercial center, Springettsbury's per capita retail sales are nearly triple the national average. The township's population estimate is 26,810, up by about 12% from the 2000 U.S. Census. Median household effective buying income is, in our view, a strong 111% of the national average.

Local economic activity centers on retail and services. York Hospital and the U.S. Department of Defense are the county's leading employers. County unemployment was 7.4% as of March 2013, on par with the commonwealth's 7.6%. Assessed value was \$2.1 billion in fiscal 2012. Market value is, in our view, strong at roughly \$76,823 per capita.

In our opinion, financial performance has been strong, characterized by, what we regard as, conservative budgeting, as well as historically strong general fund balances ranging from 11.6%-28.2% of expenditures over the past decade. For fiscal 2013, management appropriated \$1.2 million, in-line with previous years. The tax rate remained the same. The township has a history of budgeting conservatively and not using appropriated fund balance. Management indicates it does not expect a material difference in reserves at fiscal year-end.

It is our understanding unaudited fiscal 2012 results indicate a drawdown of \$275,000 due entirely to one-time capital purchases, including police vehicles. Despite the drawdown, the township ended the year with a fund balance of \$3.3

million, or 27.1% of expenditures, and an unassigned fund balance of \$1.9 million, or, what we view as, a strong 15.4% of expenditures. Audited fiscal 2011 results indicate a surplus of \$776,000 that increased fund balance to \$3.5 million, or, in our view, a strong 28.2% of expenditures. Earned income (23% of revenue), business gross receipts (22%), and real estate (13%) taxes are the primary general fund revenue sources.

Standard & Poor's revised its Financial Management Assessment (FMA) on the township to "good" from "standard" based on the township's adoption of a formal reserve policy that states management will maintain a minimum unassigned fund balance at 12% of expenditures. An FMA of "good" indicates financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them.

Overall net debt is, in our opinion, a moderate \$3,971 per capita, or 5.2% of market value. Carrying charges are, in our view, a low 1.8% of expenditures. We consider debt amortization average with officials planning to retire 57% of principal over the next 10 years.

Springettsbury Township's contributions to its pension plans were \$980,292, or 6.8% of governmental expenditures, in fiscal 2011. In addition, the township provides other postemployment benefits (OPEB) to eligible employees. OPEB contributions were just \$117,000 in fiscal 2011. As of Jan. 1, 2009, the OPEB unfunded actuarial accrued liability was \$5 million.

Outlook

The stable outlook reflects Standard & Poor's opinion of the township's diverse economy with strong income and wealth. The stable outlook also reflects our assessment of, what we consider, the township's record of strong financial performance and available fund balances. As such, we do not expect to change the rating within the outlook's two-year period.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

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