

Springettsbury Township
York, Pennsylvania
Basic Financial Statements
And Supplemental Information

December 31, 2016

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	4 - 6
MANAGEMENT'S DISCUSSION AND ANALYSIS	7 - 14
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	15 - 16
STATEMENT OF ACTIVITIES	17
BALANCE SHEET - GOVERNMENTAL FUNDS	18
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT OF NET POSITION - PROPRIETARY FUND	22
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND	23
STATEMENT OF CASH FLOWS - PROPRIETARY FUND	24
STATEMENT OF FIDUCIARY NET POSITION	25
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	26
NOTES TO FINANCIAL STATEMENTS	27 - 55

*Gold underlines represent hyperlinks

CONTENTS - continued

	Page
REQUIRED SUPPLEMENTARY INFORMATION	56
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	57
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS	58
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS	59
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN	60
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY	61
OTHER POST-EMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS	62
SUPPLEMENTARY INFORMATION	63
COMBINING BALANCE SHEETS - CAPITAL PROJECTS FUND	64
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - CAPITAL PROJECTS FUND	65
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUND	66
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND	67

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, 2016, 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 component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of December 31, 2016, 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 57 through 59, the schedules of funding progress and employer contributions - police pension plan on page 60, schedule of changes in the Township's net pension liability on page 61 and the schedule of funding progress - OPEB on page 62 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, PC

York, Pennsylvania
June 19, 2017

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

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 fiscal year ending December 31, 2016.

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 \$104,473,921. Of this amount \$63,887,530 represents the Township's business-type activities (sewer utility) and \$40,586,391 general governmental activities.
- The costs of all Township programs totaled \$26,612,086. These programs are specifically shown on page 17 of the financial statements.
- General Fund Revenues were budgeted at \$13,368,681 and Actual Revenue was reported at \$14,083,938 for a favorable variance of \$715,257.
- General Fund Expenditures were budgeted at \$13,916,681 with an Expenditure Actual of \$13,492,955. These calculations resulted in a favorable variance of \$423,726.
- General Fund Other Financing Sources (Uses) were budgeted at \$(362,000); however, actual results were \$401,375, which is a positive variance of \$763,375.

Fund Financial Statements

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 \$3,501,923 on January 1, 2016 and ended on December 31, 2016 with a fund balance of \$4,494,281, an increase of \$992,358. The total General Fund Revenues equaled \$14,083,938, Expenditures of \$13,492,955 and Other Financing Sources of \$401,375.

The Statement of Net Position listed on pages 15 and 16 discloses that Total Current Assets for Governmental and Business Activities totals \$12,616,191 and Total Assets and Deferred Outflows of Resources at \$104,473,921. Total Current Liabilities of \$3,340,941 and Total Liabilities of \$32,429,566.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

FINANCIAL HIGHLIGHTS - continued

Fiduciary Funds

Net Position at December 31, 2016 for other restricted funds was as follows:

- Non Uniform Pension Fund \$ 8,930,779
- Police Pension Fund \$14,864,375
- Library Fund \$ 192,840
- Schenck Memorial Fund \$ 85,506

The Township's Escrow Fund had \$90,730 of cash and cash equivalents at December 31, 2016.

Budgetary Highlights

- The General Fund Revenues were budgeted at \$13,368,681 and Actual Revenue was reported at \$14,083,938 for a difference of \$715,257. This was primarily the result of increased tax collections and intragovernmental revenues.
- General Fund Expenditures were budgeted at \$13,916,681 with an Expenditures Actual of \$13,492,955 for a difference of \$423,726.
- These calculations resulted in a favorable variance of \$1,138,983.

FINANCIAL STATEMENTS

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

The Statement of Net Position and Statement of Activities 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.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

FINANCIAL STATEMENTS - continued

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.

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.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

THE TOWNSHIP AS TRUSTEE

Springettsbury Township as the local government entity is the trustee, or fiduciary, for the Police Pension and Non-Uniformed Pension fund; as well as a Private Purpose Trust Library Fund and the Schenck (Recreation) Trust as well as an Agency (Escrow) Fund. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and changes in Fiduciary Net Position as shown on pages 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.

THE TOWNSHIP OVERALL

For the year ending 2016, a comprehensive analysis of Government-wide financial information is being presented to compare 2015 and 2016 audit years.

Government-Wide Statements

Statement of Net Position

The following table reflects the condensed Statement of Net Position.

	Primary Government 2015			Primary Government 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 4,979,003	\$ 12,685,329	\$ 17,664,332	\$ 6,100,886	\$ 13,514,323	\$ 19,615,209
Capital Assets, Net	35,158,739	52,582,477	87,741,216	33,416,875	50,247,737	83,664,612
Deferred Outflows	979,570	136,963	1,116,533	1,068,630	125,470	1,194,100
Total Assets and Deferred Outflows	41,117,312	65,404,769	106,522,081	40,586,391	63,887,530	104,473,921
Current Liabilities	5,663,638	1,274,464	6,938,102	1,326,412	2,014,529	3,340,941
Other (Non-Current)	5,180,160	20,029,405	25,209,565	10,428,238	18,660,387	29,088,625
Total Liabilities	10,843,798	21,303,869	32,147,667	11,754,650	20,674,916	32,429,566
Invested in Capital Assets	31,393,739	31,016,782	62,410,521	28,406,875	30,042,524	58,449,399
Restricted	243,451	5,987,203	6,230,654	332,866	6,999,018	7,331,884
Unrestricted	(1,363,676)	7,096,915	5,733,239	92,000	6,171,072	6,263,072
Total Net Position	30,273,514	44,100,900	74,374,414	28,831,741	43,212,614	72,044,355
Total Liabilities and Net Position	\$ 41,117,312	\$ 65,404,769	\$ 106,522,081	\$ 40,586,391	\$ 63,887,530	\$ 104,473,921

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

The Township's combined net position for 2016 amounted to \$72,044,355. The net position for Business-type activities (sewer utility operations) amounted to \$43,212,614. The Township's unrestricted net position for governmental activities stood at \$92,000.

For the year ended December 31, 2016, the governmental activities had program revenues of \$4,648,046; general revenues of \$10,768,898; expenses of \$16,858,717, resulting in a decrease in net position of \$1,441,773. The business activities had program revenues of \$8,793,919; general revenues of \$71,164; expenses of \$9,753,369, resulting in a decrease in net position of \$888,286.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

THE TOWNSHIP OVERALL - continued

Fund Level Financial Statements

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

Statement of Revenues and Expenditures and Changes in Fund Balance

	2015			2016		
	General Fund	Other Funds	Governmental Funds	General Fund	Other Funds	Governmental Funds
Revenues:						
Real Estate Taxes and Penalties	\$ 2,059,439	\$ -	\$ 2,059,439	\$ 2,199,857	\$ -	\$ 2,199,857
Other Taxes	7,760,552	88,452	7,849,004	7,949,055	-	7,949,055
Intergovernmental Revenues	904,193	671,163	1,575,356	972,571	782,163	1,754,734
Charges for Services	1,840,127	-	1,840,127	2,234,634	-	2,234,634
Other	685,810	515,229	1,201,039	727,821	100,287	828,108
Total Revenues	13,250,121	1,274,844	14,524,965	14,083,938	882,450	14,966,388
Expenditures:						
General Government	1,285,050	-	1,285,050	1,483,108	-	1,483,108
Public Safety	6,494,359	327,817	6,822,176	6,815,814	-	6,815,814
Highways and Streets	1,034,927	801,664	1,836,591	1,031,935	967,176	1,999,111
Culture and Recreation	647,006	16,909	663,915	630,033	304,898	934,931
Debt Service	24,461	70,353	94,814	188,177	84,478	272,655
Employee Benefits, Insurances and Other	3,427,544	-	3,427,544	3,343,888	-	3,343,888
Total Expenditures	12,913,347	1,216,743	14,130,090	13,492,955	1,356,552	14,849,507
Other Financing Uses:						
Interfund Transfers	(11,000)	11,000	-	-	-	-
Refunds Expenditures/Revenues	276,031	-	276,031	379,689	-	379,689
Sale of Capital Assets	30,356	-	30,356	21,686	-	21,686
Refinancing of Long-term Debt	-	(3,756,000)	(3,756,000)	-	(3,765,000)	(3,765,000)
Proceeds from Debt Financing	-	3,765,000	3,765,000	-	5,150,000	5,150,000
Total Other Financing Uses	295,387	20,000	315,387	401,375	1,385,000	1,786,375
Net Changes in Fund Balances	632,161	78,101	710,262	992,358	910,898	1,903,256
Fund Balances:						
January 1,	2,869,762	(576,317)	2,293,445	3,501,923	(498,216)	3,003,707
December 31,	\$ 3,501,923	\$ (498,216)	\$ 3,003,707	\$ 4,494,281	\$ 412,682	\$ 4,906,963

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was an increase of \$992,358. The actual General Fund balance for 2016 is \$4,494,281.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

BUSINESS-TYPE ACTIVITIES

Outlined below is the Statement of Revenues and Expenditures for the Business-type Activities (Proprietary Funds) of the Township - "Sewer Fund".

Changes in Net Position

December 31,

	2015	2016
Charges for Services	\$ 4,806,628	\$ 4,698,517
Other	3,567,097	3,833,844
<u>Total Operating Revenues</u>	<u>8,373,725</u>	<u>8,532,361</u>
Operating Expenses:		
Cost of Services	5,074,374	5,492,007
Administration	325,000	325,000
Amortization and Depreciation	2,993,640	2,981,513
<u>Total Operating Expenses</u>	<u>8,393,014</u>	<u>8,798,520</u>
Operating Income (Loss)	(19,289)	(266,159)
Non Operating Revenues (Expenses):		
Tapping Fees	138,672	20,926
Investment Income	195,132	69,521
Bond Interest	(960,577)	(944,268)
Amortization	(10,581)	(10,581)
Gain or Loss on Sale of Assets	3,917	1,643
Build America Bonds - Interest Subsidy	249,575	240,632
Other	3,851,032	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>3,467,170</u>	<u>(622,127)</u>
Change in Net Position	3,447,881	(888,286)
<u>Total Net Position- January 1</u>	<u>40,653,019</u>	<u>44,100,900</u>
<u>Total Net Position- December 31</u>	<u>\$ 44,100,900</u>	<u>\$ 43,212,614</u>

The change in net position for the Sewer Fund business-type activities was a decrease of \$888,286. Page 23 highlights these activities by specific numbers and analysis.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

THE TOWNSHIP'S FUNDS

Governmental and Business-Type Funds

As of 2016 year end, the governmental funds (refer to page 18) reported a combined fund balance of \$4,906,964. For the proprietary business-type funds at year end, the business-type fund (Sewer Fund) reported the net position at \$43,212,614 (refer to page 23).

Capital Assets, Debt Administration and Pension Liability

Capital Assets

At the close of 2016, the Township had \$33,416,875 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Administration Building, Police and Public Works equipment, along with Park and Recreational land. More detail is shown in the notes to the financial statements as summarized on page 41.

The Sewer fund at the close of 2016 had net capital assets of \$50,247,737. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 41.

Debt

At December 31, 2016, the Governmental long-term debt (bonds and notes) stood at \$5,010,000 and the sewer fund debt at \$20,122,600. See Note H in the Notes to the Financial Statements regarding Township debt paid and issued during 2016.

Pension Liability

The pension liability at December 31, 2016 was \$3,187,146. See Note J for further information regarding the Township's pension liability.

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.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2016

BUDGET AND ECONOMIC HIGHLIGHTS - continued

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

In addition, Springettsbury Township has experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000 to 26,668 in 2010. This continuing growth factor strengthens the vitality of the Township as a commercial center.

Continuing a recent trend, General Fund expenditures have risen in recent years in large part to increases for insurance premiums, employee fringe benefit expenditures, and the expansion of Township recreation events and facilities. The Township's fund balance contributes to the overall budgetary management of the Township's financial affairs.

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 Benjamin Marchant, Township Manager, 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Development Authority
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,196,292	\$ 378,194	\$ 2,574,486	\$ 79,193
Investments	3,024,209	4,855,071	7,879,280	-
Taxes receivable, net	708,640	-	708,640	-
Internal balance	-	700,987	700,987	-
Accounts receivable	170,304	547,914	718,218	-
Other receivables	-	8,451	8,451	-
Prepaid expenses	1,441	24,688	26,129	-
Total Current Assets	6,100,886	6,515,305	12,616,191	79,193
NONCURRENT ASSETS				
Other Assets				
Restricted assets - investments	-	411,976	411,976	-
Restricted assets - investments	-	6,587,042	6,587,042	-
Total Other Assets	-	6,999,018	6,999,018	-
Capital Assets				
Land and right of ways	4,414,547	1,826,785	6,241,332	-
Buildings	11,577,743	-	11,577,743	-
Improvements (other than buildings)	5,180,560	-	5,180,560	-
Machinery and equipment	2,508,272	31,505,080	34,013,352	-
Infrastructure assets	51,657,722	-	51,657,722	-
Collection lines	-	56,331,752	56,331,752	-
Treatment plant	-	4,034,182	4,034,182	-
Less accumulated depreciation	(41,921,969)	(43,450,062)	(85,372,031)	-
Total Capital Assets, Net	33,416,875	50,247,737	83,664,612	-
Total Noncurrent Assets	33,416,875	57,246,755	90,663,630	-
Total Assets	39,517,761	63,762,060	103,279,821	79,193
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts from pensions	1,068,630	-	1,068,630	-
Bond refinancing charges	-	125,470	125,470	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,068,630	125,470	1,194,100	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 40,586,391	\$ 63,887,530	\$ 104,473,921	\$ 79,193

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Authority
LIABILITIES				
CURRENT LIABILITIES				
Internal balance	\$ 633,389	\$ -	\$ 633,389	\$ -
Accounts payable	84,742	487,429	572,171	-
Retainage payable	88,334	-	88,334	-
Current portion of long-term debt	220,000	1,379,600	1,599,600	-
Accrued salaries and wages	255,515	61,218	316,733	-
Payroll deductions and withholdings	32,903	-	32,903	-
Other current liabilities	11,529	86,282	97,811	-
Total current liabilities	1,326,412	2,014,529	3,340,941	-
NONCURRENT LIABILITIES				
Notes payable	-	7,207,500	7,207,500	-
Bonds payable	4,790,000	11,535,500	16,325,500	-
Bond discount (Net of accumulated amortization)	-	(82,613)	(82,613)	-
Pension liability	3,187,146	-	3,187,146	-
Other post-employment benefits liability	2,451,092	-	2,451,092	-
Total noncurrent liabilities	10,428,238	18,660,387	29,088,625	-
Total liabilities	11,754,650	20,674,916	32,429,566	-
NET POSITION				
Net investment in capital assets	28,406,875	30,042,524	58,449,399	-
Restricted for:				
Highways	232,178	-	232,178	-
Sewer capital	-	6,999,018	6,999,018	-
Capital projects	100,688	-	100,688	-
Unrestricted	92,000	6,171,072	6,263,072	79,193
Total net position	28,831,741	43,212,614	72,044,355	79,193
Total liabilities and net position	\$ 40,586,391	\$ 63,887,530	\$ 104,473,921	\$ 79,193

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- Type Activities	Total	Development Authority
Governmental Activities								
General government	\$ 1,572,488	\$ 441,967	\$ 112,611	\$ -	\$ (1,017,910)	\$ -	\$ (1,017,910)	\$ -
Public safety	7,324,856	2,104,001	114,957	-	(5,105,898)	-	(5,105,898)	-
Sanitation	-	-	56,193	-	56,193	-	56,193	-
Highways and streets	3,259,126	11,810	782,163	-	(2,465,153)	-	(2,465,153)	-
Culture and recreation	1,225,704	204,645	3,550	-	(1,017,509)	-	(1,017,509)	-
Employee benefits, insurance and other	3,343,888	321,814	494,335	-	(2,527,739)	-	(2,527,739)	-
Debt service	132,655	-	-	-	(132,655)	-	(132,655)	-
Total governmental activities	16,858,717	3,084,237	1,563,809	-	(12,210,671)	-	(12,210,671)	-
BUSINESS-TYPE ACTIVITIES								
Sewer	9,753,369	8,477,363	75,924	240,632	-	(959,450)	(959,450)	-
Total primary government	\$ 26,612,086	\$ 11,561,600	\$ 1,639,733	\$ 240,632	(12,210,671)	(959,450)	(13,170,121)	-
COMPONENT UNIT								
Springettsbury Township Development Authority	\$ 6,976	\$ -	\$ -	\$ -	-	-	-	-
Total Component Unit	\$ 6,976	\$ -	\$ -	\$ -	-	-	-	-
GENERAL REVENUES								
Property taxes, levied for general purposes, net					2,249,038	-	2,249,038	-
Other taxes and franchise fees levied for specific purposes, net					8,037,420	-	8,037,420	-
Investment earnings					13,359	69,521	82,880	183
Miscellaneous income					67,706	-	67,706	-
Sale of capital assets					21,686	1,643	23,329	-
Refunds of prior year expenditures					379,689	-	379,689	-
Total General Revenues					10,768,898	71,164	10,840,062	183
Change in Net Position					(1,441,773)	(888,286)	(2,330,059)	(6,793)
NET POSITION - January 1, 2016					30,273,514	44,100,900	74,374,414	85,986
NET POSITION - December 31, 2016					\$ 28,831,741	\$ 43,212,614	\$ 72,044,355	\$ 79,193

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

ASSETS

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Funds	Non-major Funds	
ASSETS				
Cash and cash equivalents	\$ 1,603,297	\$ 237,982	\$ 355,013	\$ 2,196,292
Investments	2,086,850	937,359	-	3,024,209
Taxes receivable, net	664,885	-	-	664,885
Due from other funds	398,606	-	-	398,606
Accounts receivable	167,523	-	2,781	170,304
Due from other governments	-	-	-	-
Prepaid expenditures	1,441	-	-	1,441
Total Assets	<u>\$ 4,922,602</u>	<u>\$ 1,175,341</u>	<u>\$ 357,794</u>	<u>\$ 6,455,737</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES				
Due to other funds	\$ -	\$ 1,031,995	\$ -	\$ 1,031,995
Accounts payable	84,619	-	123	84,742
Retainage payable	-	88,334	-	88,334
Accrued salaries and wages	255,515	-	-	255,515
Payroll deductions and withholdings	32,903	-	-	32,903
Other liabilities	11,529	-	-	11,529
Total Liabilities	384,566	1,120,329	123	1,505,018
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	43,755	-	-	43,755
Total Deferred Inflows of Resources	43,755	-	-	43,755
FUND BALANCES (Deficit)				
Nonspendable	1,441	-	-	1,441
Restricted	-	100,688	232,178	332,866
Assigned	1,164,603	-	125,493	1,290,096
Unassigned	3,328,237	(45,676)	-	3,282,561
Total fund balances (deficit)	<u>4,494,281</u>	<u>55,012</u>	<u>357,671</u>	<u>4,906,964</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,922,602</u>	<u>\$ 1,175,341</u>	<u>\$ 357,794</u>	<u>\$ 6,455,737</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 4,906,964
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.	1,068,630
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 \$75,338,844 and the accumulated depreciation is \$41,921,969.	33,416,875
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are for the current period's expenditures and, therefore, are deferred in the funds, net of allowance.	87,510
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	(5,010,000)
Pension liability	(3,187,146)
Other post-employment benefits	(2,451,092)
	<u>(10,648,238)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$28,831,741</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Non- Major Funds	
REVENUES				
Real estate taxes and penalties	\$ 2,199,857	\$ -	\$ -	\$ 2,199,857
Other taxes	7,949,055	-	88,365	8,037,420
Licenses and permits	439,990	-	-	439,990
Fines and forfeits	210,852	-	-	210,852
Interest, rents and royalties	9,273	3,069	1,017	13,359
Intergovernmental revenues	972,571	-	782,163	1,754,734
Charges for services	2,234,634	-	-	2,234,634
Miscellaneous	67,706	-	-	67,706
Contributions from private sources	-	-	7,836	7,836
Total revenues	14,083,938	3,069	879,381	14,966,388
EXPENDITURES				
General government	1,483,108	-	-	1,483,108
Public safety	6,815,814	-	-	6,815,814
Highways and streets	1,031,935	190,862	776,314	1,999,111
Culture and recreation	630,033	299,999	4,899	934,931
Debt service	188,177	84,478	-	272,655
Employee benefits, insurance and other	3,343,888	-	-	3,343,888
Total expenditures	13,492,955	575,339	781,213	14,849,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	590,983	(572,270)	98,168	116,881
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	21,686	-	-	21,686
Refunds of prior years expenditures	379,689	-	-	379,689
Refinancing of long-term debt	-	(3,765,000)	-	(3,765,000)
Proceeds from long-term debt	-	5,150,000	-	5,150,000
Total other financing sources (uses)	401,375	1,385,000	-	1,786,375
NET CHANGE IN FUND BALANCES	992,358	812,730	98,168	1,903,256
FUND BALANCE - January 1, 2016 (Deficit)	3,501,923	(757,718)	259,502	3,003,707
FUND BALANCE - December 31, 2016 (Deficit)	\$ 4,494,281	\$ 55,012	\$ 357,670	\$ 4,906,963

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, 2016

TOTAL NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS **\$ 1,903,256**

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	(1,938,484)	
Capital outlays	<u>196,620</u>	(1,741,864)

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 decreased by this amount this year. 50,441

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. 3,905,000

The issuance of debt provides financial resources to governmental
funds, but has no effect on net position. (5,150,000)

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 compensated absences		(19,794)
Increase in net pension liability		(239,284)
Increase in deferred outflow related to pension		89,060

Some expenditures reported in the governmental funds do not require
the use of current financial resources, however, the cost of other
post-employment benefits are recorded as a noncurrent liability as
required by GASB Statement No. 45. (238,588)

Change in net position of governmental activities **\$ (1,441,773)**

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION -
PROPRIETARY FUND
DECEMBER 31, 2016

	Business-Type Activities Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 378,194
Investments	4,855,071
Due from other funds	704,635
Accounts receivable	547,914
Other receivables	8,451
Prepaid expenses	24,688
Total current assets	6,518,953
NONCURRENT ASSETS	
OTHER ASSETS	
Restricted assets - cash	411,976
Restricted assets - investments	6,587,042
Total other assets	6,999,018
CAPITAL ASSETS	
Land and right of ways	1,826,785
Machinery and equipment	31,505,080
Collection lines	56,331,752
Treatment plant	4,034,182
Less accumulated depreciation	(43,450,062)
Total capital assets, net	50,247,737
Total noncurrent assets	57,246,755
TOTAL ASSETS	63,765,708
DEFERRED OUTFLOWS OF RESOURCES	
Bond refinancing charges	125,470
Total assets and deferred outflows of resources	\$ 63,891,178
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 487,429
Accrued salaries and wages	61,218
Other accrued liabilities	86,282
Due to other funds	3,648
Current portion of long-term debt	1,379,600
Total current liabilities	2,018,177
NONCURRENT LIABILITIES	
Bonds and notes payable, net of current portion	18,743,000
Bond discount, net of accumulated amortization	(82,613)
Total noncurrent liabilities	18,660,387
Total Liabilities	20,678,564
NET POSITION	
Net investment in capital assets	30,042,524
Restricted	6,999,018
Unrestricted	6,171,072
Total net position	43,212,614
Total liabilities and net position	\$ 63,891,178

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 4,698,517
Charges for services - intergovernmental	3,778,846
Refund of prior year expenses	54,998
Total operating revenues	8,532,361
OPERATING EXPENSES	
Cost of services	5,492,007
Administration	325,000
Depreciation	2,981,513
Total operating expenses	8,798,520
OPERATING LOSS	(266,159)
NONOPERATING REVENUES (EXPENSES)	
Tapping fees	20,926
Investment income	69,521
Interest expense	(944,268)
Amortization	(10,581)
Net gain on sale of capital assets	1,643
Federal Build America Bonds - interest subsidy	240,632
Total nonoperating revenues (expenses)	(622,127)
CHANGE IN NET POSITION	(888,286)
NET POSITION - JANUARY 1 , 2016	44,100,900
NET POSITION - DECEMBER 31, 2016	\$ 43,212,614

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 9,279,437
Cash payments to employees for services	(1,301,522)
Cash payments to suppliers for goods and services	<u>(4,497,669)</u>
Net cash from operating activities	<u>3,480,246</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvement of capital assets	(549,250)
Increase in restricted assets	1,011,815
Tapping fees received	20,926
Principal payments	(1,349,900)
Proceeds from sale of capital assets	1,643
Debt interest payments	(932,775)
Federal interest subsidy	<u>240,632</u>
Net cash from capital and related financing activities	<u>(1,556,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	69,521
Sale of investments - net	<u>(2,861,531)</u>
Net cash from investing activities	<u>(2,792,010)</u>
Net change in cash and cash equivalents	(868,673)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,246,867</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 378,194</u>
Operating loss	\$ (266,159)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	2,981,513
Decrease in accounts receivable	741,612
Decrease in prepaid expenses	19,618
Increase in accounts payable	60,210
Increase in accrued salaries and benefits	511
Decrease in due to other funds	<u>(57,059)</u>
Total adjustment	<u>3,746,405</u>
Net cash from operating activities	<u>\$ 3,480,246</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	Pension Funds		Private Purpose Trust Funds		Agency Fund
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund	Escrow Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 333,352	\$ 5,502	\$ 6,783	\$ 90,730
Investments	<u>8,957,544</u>	<u>14,531,023</u>	<u>187,338</u>	<u>78,723</u>	<u>-</u>
Total assets	<u>\$ 8,957,544</u>	<u>\$ 14,864,375</u>	<u>\$ 192,840</u>	<u>\$ 85,506</u>	<u>\$ 90,730</u>
LIABILITIES					
Accounts payable	\$ 26,765	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	67,598
Due to developers	-	-	-	-	<u>23,132</u>
Total liabilities	26,765	-	-	-	90,730
NET POSITION					
Restricted for:					
Pension benefits	8,930,779	14,864,375	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>192,840</u>	<u>85,506</u>	<u>-</u>
Total net position	<u>8,930,779</u>	<u>14,864,375</u>	<u>192,840</u>	<u>85,506</u>	<u>-</u>
Total liabilities and net position	<u>\$ 8,957,544</u>	<u>\$ 14,864,375</u>	<u>\$ 192,840</u>	<u>\$ 85,506</u>	<u>\$ 90,730</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2016

	Pension Trust		Private Purpose Trust Fund	
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund
ADDITIONS				
State Contributions - Act 205	\$ -	\$ 494,335	\$ -	\$ -
Municipal contributions	252,155	995,186	-	-
Employee contributions	58,182	141,065	-	-
Donations	-	-	-	895
Investment income	396,484	661,219	2,472	1,302
Total additions	706,821	2,291,805	2,472	2,197
DEDUCTIONS				
Distributions and benefit payments	787,872	812,640	-	-
Miscellaneous expenses	168	64,415	-	-
Contribution to libraries	-	-	4,071	-
Total deductions	788,040	877,055	4,071	-
Changes in net position	(81,219)	1,414,750	(1,599)	2,197
Net position - January 1, 2016	9,011,998	13,449,625	194,439	83,309
Net position - December 31, 2016	<u>\$ 8,930,779</u>	<u>\$ 14,864,375</u>	<u>\$ 192,840</u>	<u>\$ 85,506</u>

See accompanying notes.

SPRINGGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Springgettsbury 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

Springgettsbury 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 Springgettsbury Township Development Authority, which has been reported in the component unit's column.

The component unit's columns in the combined financial statements include the financial data of the Township's one component unit: Springgettsbury Township Development Authority. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the Township. Audited financial statements of the Authority are available at the Township office.

Joint Venture

Springgettsbury Township and Spring Garden Township created York Area United Fire and Rescue, a joint venture, in 2008. Springgettsbury Township funds 60% and Spring Garden Township funds 40% of operating costs for fire services. The joint venture is not a component unit of Springgettsbury Township. Audited financial statements for the York Area United Fire and Rescue 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, 2016

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, 2016

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.

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 Funds - These funds provide benefits for Township employees and employees of certain other related governmental agencies. The principal revenue sources for these funds are state contributions and employer and employee contributions. The funds included in this category are the Non-Uniform Pension Fund and the Police Pension Fund.

Private Purpose Trust Funds - These funds are used to account for the assets held by the Township in a trustee capacity. These funds include the Library Fund and the Schenck Trust Fund. The Library Fund was created to provide resources to the library of the Township. The Schenck Trust Fund was established for the maintenance of park improvements.

Escrow Agency Fund - This fund is used to account for escrows held by the Township for developers. The escrows are used to cover engineering and other costs for the submission and review of developer plans.

SPRINGGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 transaction and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as 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.

SPRINGGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016, 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, 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, 2016

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, 2016

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 so 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 so 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, 2016

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, 2016, the Township did not have any committed fund balances.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance Policy - 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.

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.

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016, none of the Township's bank balance of \$3,116,240 was exposed to custodial credit risk:

Covered by Federal Depository Insurance (FDIC)	\$ 1,000,000
Secured by pooled collateral as permitted by Act 72 of the Commonwealth of Pennsylvania	<u>2,116,240</u>
Total - bank balances	<u>\$ 3,116,240</u>

Reconciliation to Financial Statements

Bank balance, above	\$ 3,116,240
Plus: deposits in transit	33,637
Less: outstanding checks	<u>(164,315)</u>
Carrying amount - book balances	2,985,562
Petty cash	<u>900</u>
Total cash per financial statements	<u>\$ 2,986,462</u>

Investments

As of December 31, 2016, the Township had the following investments:

Investments	Maturity Term Range	Fair Value
Certificates of Deposit	1 - 20 years	\$14,466,322

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, 2016

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, 2016, all of the Township's investments were covered under FDIC or pledged collateral under 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	\$13,940,939	79.29%
First National Bank	2,067,431	11.76%
PLGIT	937,359	5.33%
BB&T	381,258	2.17%
Fulton Bank	<u>255,575</u>	<u>1.45%</u>
	<u>\$17,582,562</u>	<u>100.00%</u>

Trust and Agency Funds

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2016, none of the Township's trust and agency funds bank balances of \$436,176 were exposed to custodial risk. These funds are covered by either FDIC or SIPC.

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, 2016

NOTE B - DEPOSITS AND INVESTMENTS - continued

Trust and Agency 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 trust and agency funds had investments as of December 31, 2016 as follows:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ICMA Retirement Corporation				
Stable Value/Cash Management	\$ 2,918,506	\$ -	\$ -	\$ 2,918,506
Bonds	213,320	-	-	213,320
Balanced/Asset Allocation	3,848,849	-	-	3,848,849
U.S. Stock	1,774,895	-	-	1,774,895
International/Global Stock	153,040	-	-	153,040
Specialty	-	48,934	-	48,934
FNB Wealth Management				
Common Stocks	1,467,897	-	-	1,467,897
Equity Funds	6,248,888	-	-	6,248,888
Fixed Income	6,814,238	-	-	6,814,238
Morgan Stanley				
Certificates of Deposit	-	266,061	-	266,061
	<u>\$23,439,633</u>	<u>\$ 314,995</u>	<u>\$ -</u>	<u>\$23,754,628</u>

The above investments include money market mutual funds, equity common trust funds, fixed income trust funds, U.S. government notes & bonds, corporate bonds, common stocks, and certificates of deposit. The Township's investments with Morgan Stanley are held by Depository Trust Corporation (DTC).

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE B - DEPOSITS AND INVESTMENTS - continued

Trust and Agency Funds - continued

Investments - continued

Concentration of Credit Risk - Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
FNB Wealth Management	\$ 14,864,375	61.44%
ICMA Retirement Corp	8,957,544	37.03%
Morgan Stanley	278,346	1.15%
First National Bank	<u>90,730</u>	<u>0.38%</u>
	<u>\$ 24,190,995</u>	<u>100.00%</u>

NOTE C - RESTRICTED ASSETS- PROPRIETARY FUND

Capital Improvement Reserve - Sewer - cash	\$ 411,976
Capital Improvement Reserve - Sewer - investments	<u>6,587,042</u>
Total restricted assets	<u>\$ 6,999,018</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.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016 was 1.10 mills (\$1.10 per \$1,000 assessed valuation). The Township levies assessments for street light usage to various areas of the Township. The assessments are based on a flat rate and are collected by the elected tax collector.

The schedule of property taxes and special assessment taxes levied for 2016 was as follows:

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

Springettsbury Township, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance is unavailable revenue. The balances at December 31, 2016 are as follows:

	<u>Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unavailable Revenue Taxes</u>
Earned income	\$507,102	\$507,102	\$ -
Local services	128,432	128,432	-
Real estate	65,783	22,028	43,755
Mercantile and business privilege	<u>7,323</u>	<u>7,323</u>	<u>-</u>
	<u>\$708,640</u>	<u>\$664,885</u>	<u>\$43,755</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE E - CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-type Activities as of December 31, 2016, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 1,824,307	\$ 2,478	\$ -	\$ 1,826,785
Collection Lines	31,331,271	173,809	-	31,505,080
Treatment Plant	55,991,700	340,052	-	56,331,752
Machinery and Equipment	4,001,271	32,911	-	4,034,182
Total Capital Assets	93,148,549	549,250	-	93,697,799
Less: Accumulated Depreciation				
Collection Lines	12,238,589	695,298	-	12,933,887
Treatment Plant	25,051,143	2,175,815	-	27,226,958
Machinery and Equipment	3,276,340	12,877	-	3,289,217
Total Accumulated Depreciation	40,566,072	2,883,990	-	43,450,062
Total Capital Assets (Business-Type Activities), Net	\$52,582,477	\$(2,334,740)	\$ -	\$50,247,737

A summary of capital assets of the Governmental Activities as of December 31, 2016, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 4,414,547	\$ -	\$ -	\$ 4,414,547
Buildings	11,577,743	-	-	11,577,743
Improvements (Other than Buildings)	5,180,560	-	-	5,180,560
Machinery and Equipment	2,311,652	196,620	-	2,508,272
Infrastructure	51,657,722	-	-	51,657,722
Total Capital Assets	75,142,224	196,620	-	75,338,844
Less: Accumulated Depreciation				
Buildings	3,473,630	302,467	-	3,776,097
Improvements (Other than Buildings)	2,288,545	193,330	-	2,481,875
Machinery and Equipment	1,855,526	711,225	-	2,566,751
Infrastructure	32,365,784	731,462	-	33,097,246
Total Accumulated Depreciation	39,983,485	1,938,484	-	41,921,969
Total Capital Assets (Governmental Activities), Net	\$35,158,739	\$(1,741,864)	\$ -	\$33,416,875

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE E - CHANGES IN CAPITAL ASSETS - continued

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

Governmental activities:	
General government	\$ 96,923
Public safety	290,773
Highways and streets	1,260,015
Culture and recreation	<u>290,773</u>
Total Depreciation Expense - governmental activities	<u>\$1,938,484</u>
Business-type activities:	
Sewer	<u>\$2,981,513</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, 2016, the Township's restricted fund balance was \$332,866; of which \$232,178 was restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes and \$100,688 was restricted for future capital purposes.

Assigned Fund Balance

As of December 31, 2016, the Township's assigned fund balance was \$1,290,096, which consisted of the following:

2017 use of General Fund balance	\$1,164,603
Street lights	111,814
Parks and recreation projects	<u>13,679</u>
	<u>\$1,290,096</u>

Deficit Fund Balance

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Balance as of January 1, 2016	\$ 3,765,000	\$ 21,472,500
Additional borrowings	5,150,000	-
Principal retirements	<u>3,905,000</u>	<u>1,349,900</u>
Balance as of December 31, 2016	<u>\$ 5,010,000</u>	<u>\$ 20,122,600</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, 2016 was \$13,435,000.

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 \$240,632 in 2016.

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 schedule to mature in November 2027. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$326,560 and resulted in an economic gain of \$320,008. The balance outstanding at December 31, 2016 was \$6,687,600.

General Obligation Bond, Series of 2015

On May 1, 2015, the Township issued a general obligation bond in the amount of \$3,765,000. The proceeds of the bond were to finance their portion of the purchase of a fire truck, refinance the General Obligation Note, Series of 2012, and pay the costs of issuing the bond. The bond bears a fixed rate of interest of 1.65% per annum and was refinanced with the issuance of General Obligation Bond, Series of 2016 in May 2016.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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 schedule to mature in June 2035. The balance outstanding at December 31, 2016 was \$5,010,000.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2016 are as follows:

Enterprise Fund

Year Ended December 31,	General Obligation Bond 2010, Series A			General Obligation Note 2014		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 850,000	\$ 703,798	\$ 1,553,798	\$ 529,600	\$ 178,558	\$ 708,158
2018	875,000	666,994	1,541,994	544,400	164,418	708,818
2019	900,000	625,956	1,525,956	558,400	149,884	708,284
2020	925,000	583,746	1,508,746	576,800	134,974	711,774
2021	955,000	538,050	1,493,050	588,600	119,574	708,174
2022-2026	5,285,000	1,932,066	7,217,066	3,196,000	352,344	3,548,344
2027-2029	3,645,000	432,128	4,077,128	693,800	18,524	712,324
	<u>\$ 13,435,000</u>	<u>\$ 5,482,738</u>	<u>\$ 18,917,738</u>	<u>\$ 6,687,600</u>	<u>\$ 1,118,276</u>	<u>\$ 7,805,876</u>

Governmental Funds

Year Ended December 31,	General Obligation Bond 2016		
	Principal	Interest	Total
2017	\$ 220,000	\$ 113,950	\$ 333,950
2018	220,000	112,190	332,190
2019	225,000	105,590	330,590
2020	230,000	101,090	331,090
2021	235,000	96,490	331,490
2022-2026	990,000	409,950	1,399,950
2027-2031	525,000	269,980	794,980
2032-2035	2,365,000	82,030	2,447,030
	<u>\$ 5,010,000</u>	<u>\$ 1,291,270</u>	<u>\$ 6,301,270</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Defeasance of Debt

The Township refunded the General Obligations Bonds, Series A of 2010 by establishing an escrow account to pay off the bonds as they become due or callable. This action resulted in a defeasance of debt and these bonds are no longer reported in the financial statements of the Township. The total amount of refunded bonds at December 31, 2016 was \$7,220,000.

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, 2016, the Township amortized \$958 as a component of interest expense.

NOTE I - COMPENSATED ABSENCES

For the year ended December 31, 2016, compensated absences changed as follows:

Beginning of year	\$ 19,794
Decrease in compensated absences	<u>(19,794)</u>
End of year	<u>\$ -</u>

NOTE J - PENSION PLANS

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

POLICE PENSION PLAN

Plan Description

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE J - PENSION PLANS - continued

POLICE PENSION PLAN - continued

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, he is eligible for disability pension. The disability pension is equal to 50% of the member's average monthly pay at the time of disability, offset by any Social Security disability payments.

Contributions and Funding Policy

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

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

Plan Membership

Membership of the plan as of December 31, 2016 consisted of:

Inactive members or beneficiaries currently receiving benefits	23
Inactive members entitles to but not yet receiving benefits	2
Active members	<u>31</u>
 Total Members	 <u>56</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE J - PENSION PLANS - continued

POLICE PENSION PLAN - continued

Net Pension Liability

The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. 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, 2015 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	7.25%	(including inflation)
Postretirement cost of living increase	3.00%	

Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

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:

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE J - PENSION PLANS - continued

POLICE PENSION PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/15	\$ 17,116,690	\$ 14,168,828	\$ 2,947,862
Service Cost	499,093	-	499,093
Interest Cost	1,247,999	-	1,247,999
Contributions - employer	-	770,318	(770,318)
Contributions - member	-	140,823	(140,823)
Net Investment Income	-	613,087	(613,087)
Benefit Payments, including refunds of member contributions	(804,011)	(804,011)	-
Administrative Expense	-	(16,420)	16,420
Net Changes	<u>943,081</u>	<u>703,797</u>	<u>239,284</u>
Balances at 12/31/16	<u>\$ 18,059,771</u>	<u>\$ 14,872,625</u>	<u>\$ 3,187,146</u>

Deferred outflows of resources for the governmental funds at December 31, 2016 were \$1,068,630, which represents contributions subsequent to the measurement date.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE J - PENSION PLANS - continued

POLICE PENSION PLAN - continued

The difference between projected and actual and actual investment earnings was \$417,441, which will be recognized over five years, starting with December 31, 2016, along with differences from prior years. These differences will be recognized as follows:

Years ended December 31:

2017	\$ 328,381
2018	328,381
2019	328,381
2020	328,381
2021	<u>83,488</u>
Total	<u>\$1,397,012</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 7.25%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's Net Pension Liability	<u>\$ 5,614,899</u>	<u>\$ 3,187,146</u>	<u>\$ 1,165,571</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, 2016, the Township contributed \$252,155 to the Non-Uniformed Pension Plan.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.45, "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 is included in the Township's basis 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.

POLICE OFFICERS

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

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

POLICE OFFICERS - continued

Actuarial Methods and Assumptions

An actuarial study as of January 1, 2015 was completed by Conrad Siegel Actuaries on May 11, 2016 for purposes of GASB Statement No. 45 reporting. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2015; (1) a 4.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) mortality life expectancies based on the RP 2000 table; (4) disability expectancies based on the SOA 1987 group LTD table, with 6 month elimination for males; (5) retirement latest of age 53, age at the completion of 25 years of service, or age on valuation date; (6) before age 62, 60% of eligible retirees assumed to elect coverage on retiring, upon attainment of age 62-65, 100% of eligible retirees are assumed to elect coverage; (7) 80% married and have a spouse covered at retirement; (8) no other non-spousal dependents assumed; (9) per capita claims cost used; (10) retiree contributions increase at the same rate as the health care trend rate; (11) health care cost 6.0% in 2015, decreasing 0.5% to a rate of 5.5% in 2016 through 2020. Rates gradually decrease from 5.4% in 2021 to 3.8% in 2075. The unfunded actuarial accrued liability (UAAL) is being amortized on the level dollar, 30-year open period.

PAID FIREMEN

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

The retiree will be entitled to receive all medical, hospital, dental, and prescription insurance provided the retiree pays the Township an amount equal to one half the cost of any insurance premiums paid by the Township on his behalf. The coverage is for the retiree, spouse, and eligible dependents. Vision insurance shall cease at retirement. The hospitalization coverage shall cease when the retiree becomes eligible for coverage under Medicare and/or Medicaid, or the retiree obtains his own coverage. Hospitalization coverage for spouse will cease when the spouse becomes eligible for coverage under Medicare and/or Medicaid, or remarries.

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

Upon death of an active fire fighter, the spouse and dependents may receive coverage provided they pay to the Commission 50% of the cost of any insurance premiums. Spouse coverage shall cease upon remarriage, or once the spouse becomes eligible for Medicare.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

PAID FIREMEN - continued

Actuarial Methods and Assumptions

An actuarial study as of January 1, 2015 was completed by Conrad M. Siegel, Inc. on May 11, 2016 for purposes of GASB Statement No. 45 reporting. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2015; (1) a 4.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) mortality life expectancies based on the RP 2000 table; (4) disability expectancies based on the SOA 1987 group LTD table, with 6 month elimination for males; (5) retirement latest of age 53, age at the completion of 25 years of service, or age on valuation date; (6) before age 62, 60% of eligible retirees assumed to elect coverage on retiring, upon attainment of age 62-65, 100% of eligible retirees are assumed to elect coverage; (7) 80% married and have a spouse covered at retirement; (8) no other non-spousal dependents assumed; (9) per capita claims cost used; (10) retiree contributions increase at the same rate as the health care trend rate; (11) health care cost 6.0% in 2015, decreasing 0.5% to a rate of 5.5% in 2016 through 2020. Rates gradually decrease from 5.4% in 2021 to 3.8% in 2075. The unfunded actuarial accrued liability (UAAL) is being amortized on the level dollar, 30-year open period.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Township's OPEB cost for the year, the estimated amount contributed to the plan and changes in the Township's net OPEB obligation to the plan.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

	<u>Police Officers</u>	<u>Paid Firemen</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 397,543	\$ 16,017	\$ 413,560
Interest on Net OPEB Obligation	93,029	6,534	99,563
Adjustment to ARC	<u>(126,915)</u>	<u>(8,914)</u>	<u>(135,829)</u>
Annual OPEB Cost (Expense)	363,657	13,637	377,294
Contributions Made (Estimated)	<u>(105,128)</u>	<u>(33,578)</u>	<u>(138,706)</u>
Increase (Decrease) in Net OPEB Obligation	258,529	(19,941)	238,588
Net OPEB Obligation - Beginning of Year	<u>2,067,300</u>	<u>145,204</u>	<u>2,212,504</u>
Net OPEB Obligation - End of Year	<u>\$ 2,325,829</u>	<u>\$ 125,263</u>	<u>\$ 2,451,092</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE M - DUE TO/FROM OTHER FUNDS

The interfund receivables and payables balances at December 31, 2016 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 398,606	\$ -
Capital Improvements Fund	-	1,031,995
Enterprise Fund	704,635	3,648
Escrow Fund	<u>-</u>	<u>67,598</u>
	<u>\$1,103,241</u>	<u>\$1,103,241</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE N - CONTINGENCIES

Grant Programs

The Township participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

In the normal course of operations, the Township is involved in various civil disputes. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the Township's financial position.

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, 2015, the Township remitted their contracted monthly amount to IIC who pays the funds directly to Highmark Blue Shield. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. The Township was limited to liability for 2016 claims to \$50,000 individually and \$1,124,495 in the aggregate.

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, 2016.

As of December 31, 2016, 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.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE N - CONTINGENCIES - continued

Workers' Compensation - continued

As of December 31, 2016, the Township is not aware of any additional assessments relating to the Trust.

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, 2016, 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
2017	\$ 230,000	\$ 601,000	\$ 831,000
2018	230,000	601,000	831,000
2019	230,000	76,000	306,000
2020	230,000	76,000	306,000
2021	230,000	76,000	306,000
2022-2024	90,000	-	90,000
	\$1,240,000	\$1,430,000	\$2,670,000

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor's 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes and penalties	\$ 2,329,481	\$ 2,329,481	\$ 2,199,857	\$ (129,624)
Other taxes	7,350,000	7,350,000	7,949,055	599,055
Licenses and permits	384,000	384,000	439,990	55,990
Fines and forfeits	236,500	231,500	210,852	(20,648)
Interest, rents, and royalties	20,000	20,000	9,273	(10,727)
Intergovernmental revenues	779,600	779,600	972,571	192,971
Charges for services	1,954,100	1,954,100	2,234,634	280,534
Miscellaneous	320,000	320,000	67,706	(252,294)
Total revenues	13,373,681	13,368,681	14,083,938	715,257
EXPENDITURES				
General government	1,306,865	1,465,200	1,483,108	(17,908)
Public safety	6,837,150	6,812,328	6,815,814	(3,486)
Highways and streets	1,014,050	1,055,416	1,031,935	23,481
Culture and recreation	693,500	663,739	630,033	33,706
Debt service	55,000	195,000	188,177	6,823
Employee benefits, insurance and other	3,979,066	3,724,998	3,343,888	381,110
Total expenditures	13,885,631	13,916,681	13,492,955	423,726
Excess of revenues over expenditures	<u>(511,950)</u>	<u>(548,000)</u>	<u>590,983</u>	<u>1,138,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(350,000)	(350,000)	-	350,000
Sale of capital assets	-	-	21,686	21,686
Refund of prior year revenues	(8,000)	(12,000)	379,689	391,689
Total other financing sources (uses)	(358,000)	(362,000)	401,375	763,375
Changes in fund balance	(869,950)	(910,000)	992,358	1,902,358
Fund balances - January 1, 2016	3,501,923	3,501,923	3,501,923	-
Fund balances - December 31, 2016	\$ 2,631,973	\$ 2,591,923	\$ 4,494,281	\$ 1,902,358

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2016

	Capital Improvement Fund		Storm Water Reserve Fund	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Interest, rents and royalties	\$ -	\$ 2,924	\$ 500	\$ 145
Total Revenues	-	2,924	500	145
EXPENDITURES				
Highways and streets	75,000	190,862	-	-
Culture and recreation	10,000	299,999	-	-
Other public works	-	-	500	-
Debt service	265,000	84,478	-	-
Total expenditures	350,000	575,339	500	-
(Deficiency) of revenues over expenditures	(350,000)	(572,415)	-	145
OTHER FINANCING SOURCES (USES)				
Transfer in	350,000	-	-	-
Refinancing of long-term debt	-	(3,765,000)	-	-
Proceeds from long-term debt	-	5,150,000	-	-
Total other financing sources (uses)	350,000	1,385,000	-	-
Net change in fund balances	-	812,585	-	145
FUND BALANCE (DEFICIT) - January 1, 2016	-	(858,406)	100,768	100,688
FUND BALANCE (DEFICIT) - December 31, 2016	\$ -	\$ (45,821)	\$ 100,768	\$ 100,833

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Subdivision Recreation Fund	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
REVENUES						
Other taxes	\$ -	\$ -	\$81,500	\$ 88,365	\$ -	\$ -
Interest, rents and royalties	500	812	500	184	500	21
Intergovernmental revenue	676,500	782,163	-	-	-	-
Contributions from private sources	-	-	-	-	-	7,836
Total revenues	677,000	782,975	82,000	88,549	500	7,857
EXPENDITURES						
Highways and streets	677,000	693,560	82,000	82,754	-	-
Culture and recreation	-	-	-	-	10,000	4,899
Total expenditures	677,000	693,560	82,000	82,754	10,000	4,899
Net change in fund balances	-	89,415	-	5,795	(9,500)	2,958
FUND BALANCE - January 1, 2016	-	142,763	84,067	106,019	12,334	10,720
FUND BALANCE (DEFICIT) - December 31, 2016	\$ -	\$232,178	\$84,067	\$111,814	\$2,834	\$13,678

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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					

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%

⁽¹⁾ Includes general municipal pension system state aid.

SPRINGETTSBURY TOWNSHIP
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY
DECEMBER 31, 2016

TOTAL PENSION LIABILITY	
Service cost	\$ 499,093
Interest	1,247,999
Benefit payments	<u>(804,011)</u>
NET CHANGES IN TOTAL PENSION LIABILITY	943,081
TOTAL PENSION LIABILITY - beginning of year	<u>17,116,690</u>
TOTAL PENSION LIABILITY - end of year	<u>18,059,771</u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	770,318
Contributions - plan members	140,823
Net investment income	613,087
Benefit payments	(804,011)
Administrative expense	<u>(16,420)</u>
NET CHANGES IN PLAN FIDUCIARY NET POSITON	703,797
PLAN FIDUCIARY NET POSITION - beginning of year	<u>14,168,828</u>
PLAN FIDUCIARY NET POSITION - end of year	<u>14,872,625</u>
TOWNSHIP'S NET PENSION LIABILITY	<u><u>\$3,187,146</u></u>

SPRINGETTSBURY TOWNSHIP
OTHER POST-EMPLOYMENT BENEFITS
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)
<u>POLICE</u>						
1/1/2009	\$ -	\$3,444,845	\$3,444,845	0.00%	\$2,182,066	157.87%
1/1/2012	-	3,198,323	3,198,323	0.00%	2,464,345	129.78%
1/1/2015	-	3,629,690	3,629,690	0.00%	2,821,914	128.63%
<u>PAID FIREMAN</u>						
1/1/2009	\$ -	\$1,586,662	\$1,586,662	0.00%	\$ 948,184	167.34%
1/1/2012	-	608,865	608,865	0.00%	-	N/A
1/1/2015	-	260,902	260,902	0.00%	-	N/A
<u>TOTAL</u>						
1/1/2009	\$ -	\$5,031,507	\$5,031,507	0.00%	\$3,130,250	160.74%
1/1/2012	-	3,807,188	3,807,188	0.00%	2,464,345	154.49%
1/1/2015	-	3,890,592	3,890,592	0.00%	2,821,914	137.87%

SUPPLEMENTARY INFORMATION

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
CAPITAL PROJECTS FUND
DECEMBER 31, 2016

	<u>Capital Improvement Fund</u>	<u>Storm Water Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 1,074,508</u>	<u>\$ 100,833</u>	<u>\$ 1,175,341</u>
Total assets	<u><u>\$ 1,074,508</u></u>	<u><u>\$ 100,833</u></u>	<u><u>\$ 1,175,341</u></u>
LIABILITIES			
Due to other funds	<u>\$ 1,031,995</u>	<u>\$ -</u>	<u>\$ 1,031,995</u>
Retainage payable	<u>88,334</u>	<u>-</u>	<u>88,334</u>
Total liabilities	<u>1,120,329</u>	<u>-</u>	<u>1,120,329</u>
FUND BALANCES (DEFICITS):			
Restricted	<u>-</u>	<u>100,833</u>	<u>100,833</u>
Unassigned	<u>(45,821)</u>	<u>-</u>	<u>(45,821)</u>
Total fund balances (deficits)	<u>(45,821)</u>	<u>100,833</u>	<u>55,012</u>
Total liabilities and fund balances	<u><u>\$ 1,074,508</u></u>	<u><u>\$ 100,833</u></u>	<u><u>\$ 1,175,341</u></u>

SPRINGETTSBURY TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2016

	Capital Improvement Fund	Storm Water Reserve Fund	Total
REVENUES			
Interest, rents and royalties	\$ 2,924	\$ 145	\$ 3,069
Total revenues	2,924	145	3,069
EXPENDITURES			
Highways and streets	190,862	-	190,862
Culture and recreation	299,999	-	299,999
Debt service	84,478	-	84,478
Total expenditures	575,339	-	575,339
Excess (deficit) of revenues over expenditures	(572,415)	145	(572,270)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Refinancing of long-term debt	(3,765,000)	-	(3,765,000)
Proceeds from long-term debt	5,150,000	-	5,150,000
Total other financing sources (uses)	1,385,000	-	1,385,000
NET CHANGE IN FUND BALANCES	812,585	145	812,730
FUND BALANCE - January 1, 2016 (Deficit)	(858,406)	100,688	(757,718)
FUND BALANCE - December 31, 2016 (Deficit)	\$ (45,821)	\$ 100,833	\$ 55,012

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
ASSETS				
Cash and cash equivalents	\$ 232,178	\$ 109,156	\$ 13,679	\$ 355,013
Taxes receivable - net	-	2,781	-	2,781
	<u>\$ 232,178</u>	<u>\$ 111,937</u>	<u>\$ 13,679</u>	<u>\$ 357,794</u>
LIABILITIES				
	\$ -	\$ 123	\$ -	\$ 123
Fund balances:				
Restricted	232,178	-	-	232,178
Assigned	-	111,814	13,679	125,493
	<u>232,178</u>	<u>111,814</u>	<u>13,679</u>	<u>357,671</u>
Total fund balances	<u>232,178</u>	<u>111,814</u>	<u>13,679</u>	<u>357,671</u>
Total liabilities and fund balances	<u>\$ 232,178</u>	<u>\$ 111,937</u>	<u>\$ 13,679</u>	<u>\$ 357,794</u>

SPRINGETTSBURY TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
REVENUES				
Other taxes	\$ -	\$ 88,365	\$ -	\$ 88,365
Interest, rent and royalties	812	184	21	1,017
Intergovernmental revenue	782,163	-	-	782,163
Contributions from private sources	-	-	7,836	7,836
Total revenues	782,975	88,549	7,857	879,381
EXPENDITURES				
Highways and streets	693,560	82,754	-	776,314
Culture and recreation	-	-	4,899	4,899
Total expenditures	693,560	82,754	4,899	781,213
Changes in fund balances	89,415	5,795	2,958	98,168
Fund balances - beginning	142,763	106,019	10,720	259,502
Fund balances - ending	<u>\$ 232,178</u>	<u>\$ 111,814</u>	<u>\$ 13,678</u>	<u>\$ 357,670</u>