

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

DECEMBER 31, 2005

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SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Springettsbury Township
York, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Springettsbury Township as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

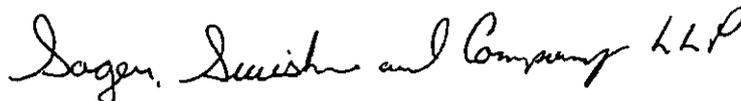
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Springettsbury Township, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages a through j and 35 through 37 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Columbia, Pennsylvania
April 7, 2006



SPRINGETTSBURY TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2005

The Township implemented for the first time in the 2003 Audit Year the Governmental Accounting Standards Board Statement 34. Statement 34 included the Basic Financial presentations as well as this Management Discussion and Analysis. For 2004, we provided comparative columns for years 2003 and 2004 and now there is a comparison of 2004 with 2005.

Statement 34 also allowed for certain transition treatments regarding the Township infrastructure. The Township elected to implement general infrastructure reporting with the 2004 report. The discussion and analysis of Springettsbury Township's financial performance provides a general overall presentation of the Township's financial operations for the fiscal year ending December 31, 2005. In addition, tables also have been prepared to provide 2004 comparisons.

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

1. Focus upon significant financial issues
2. Provide an overview of the Township's financial activities
3. Identify changes in the Township's financial position
4. Identify any material deviations from the financial plan and
5. Identify individual fund issues/concerns

Readers can also review the transmittal from the Auditor, the statements, and the various notes to gain a more complete understanding of the Township's financial performance.

Financial Highlights

The total assets of the Township are \$84,534,604. Of this amount \$42,344,914 represents the Township's business-type activities (sewer utility) and \$42,189,690 general governmental activities. This can be seen on page one of the financial statements.

The costs of all Township programs totaled \$18,541,442 in 2005.

The Township made a payment of bond principal amounting to \$1,160,000 in 2005.

The Township completed \$1,305,703 in capital projects during 2005 for parks, road construction and improvements to Township capital equipment. In addition, capital projects in the amount of \$265,440 were completed for road maintenance improvements.

The Township's Sewer Utility also accomplished some \$680,733 in construction and improvements to capital plant assets.

FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Most Significant Funds

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

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

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

The Township as Trustee

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

The Township Overall

In accordance with GASB Statement No. 34, the Township was not required to restate fiscal periods prior to December 31, 2003 for the purpose of providing comparative information. For the 2005 year a more comprehensive analysis of Government-wide information is being presented with a comparison of 2004 and 2005 audit years as was done in 2004 for 2003 and 2004 years.

Government-Wide Statements

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

	Statement of Net Assets December 31					
	2004			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	5,389,226	8,072,996	13,462,222	5,576,829	9,817,247	15,394,076
Capital Assets	37,276,933	33,239,312	70,516,245	36,612,861	32,527,667	69,140,528
Total Assets	42,666,159	41,312,308	83,978,467	42,189,690	42,344,914	84,534,604
Current Term Liabilities	821,073	1,072,145	1,893,218	604,374	1,466,883	2,071,257
Other (Non-Current)	970,000	2,459,977	3,429,977	771,974	1,564,674	2,336,648
Total Liabilities	1,791,073	3,532,122	5,323,195	1,376,348	3,031,557	4,407,905
 Net Assets						
Invested in Capital Assets (Net of Related Debt)	36,066,933	29,859,335	65,926,268	35,642,861	30,000,854	65,643,715
Restricted	-	2,577,196	2,577,196	-	3,956,122	3,956,122
Unrestricted	4,808,153	5,343,655	10,151,808	5,170,481	5,356,381	10,526,862
Total Net Assets	40,875,086	37,780,186	78,655,272	40,813,342	39,313,357	80,126,699
Total Liabilities and Net Assets	42,666,159	41,312,308	83,978,467	42,189,690	42,344,914	84,534,604

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

The Township's combined net assets for 2005 amounted to \$80,126,699. Net Assets for Business-type activities (sewer utility operations) amounted to \$39,313,357. The Township's unrestricted net assets for governmental activities which represent the amount of net assets that can be used to operate day to day services stood at \$5,170,481.

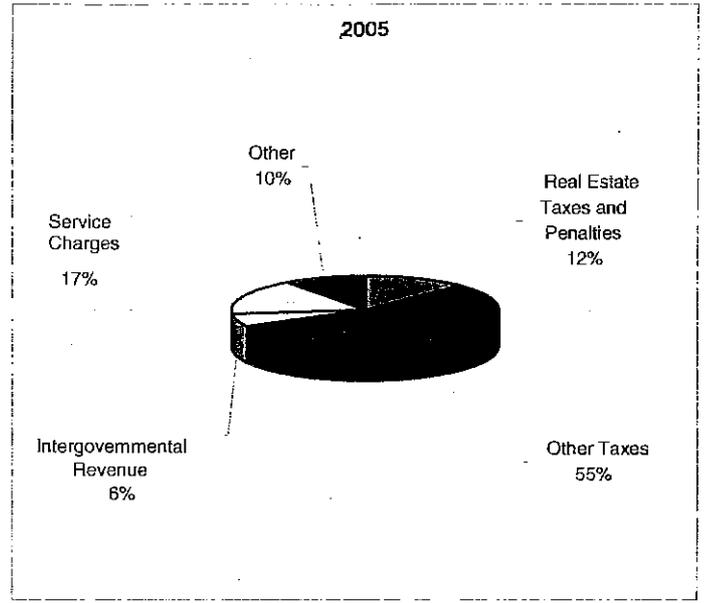
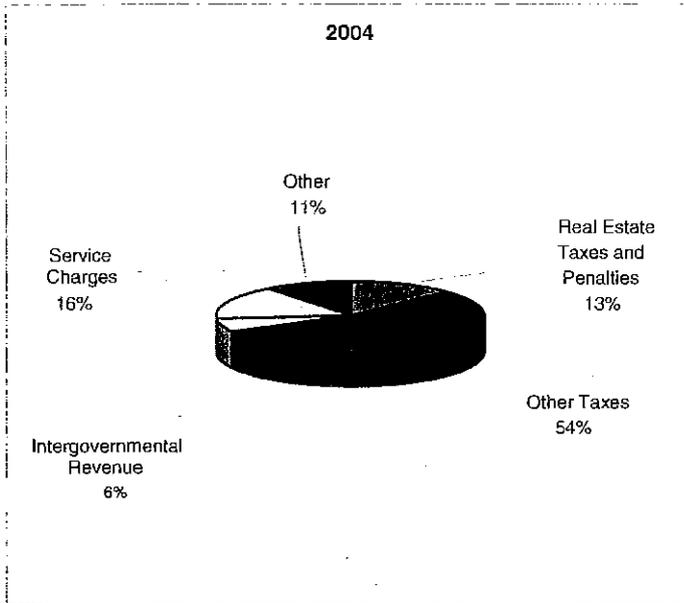
The following charts present the Township's revenues and expenditures by fund type. They are shown in more detail on page 6 of the financial statements

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

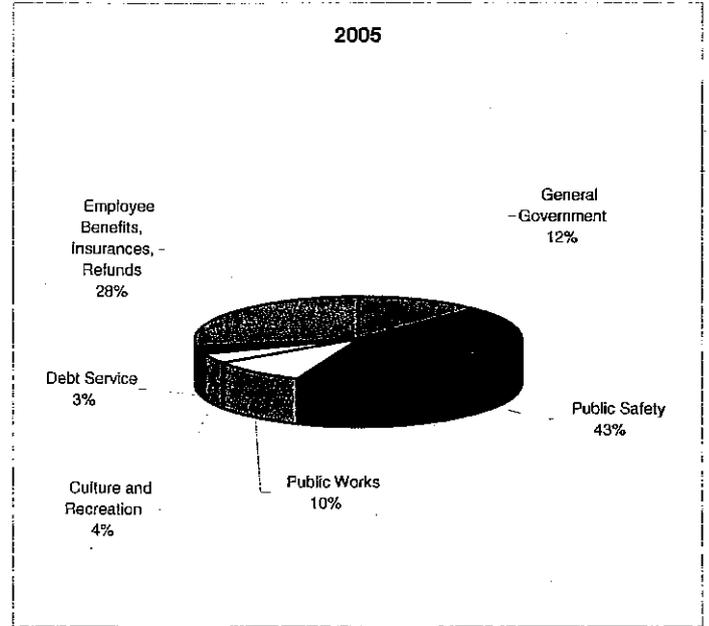
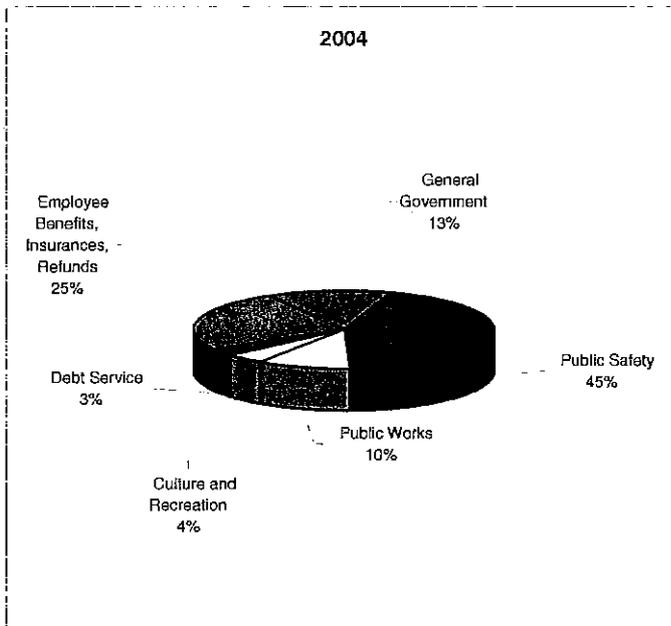
	2004			2005		
	General Fund	Non-Major Funds DCED	Total Governmental Funds	General Fund	Non-Major Funds	Total Governmental Funds
Revenues						
Real Estate Taxes and Penalties	\$ 1,197,402	\$ 507,543	\$ 1,704,945	\$ 1,326,515	\$ 350,527	\$ 1,677,042
Other Taxes	5,055,839	-	5,055,839	5,745,777	-	5,745,777
Intergovernmental Revenue	591,768	1,366,250	1,958,018	638,528	1,117,063	1,755,591
Charges for Services	1,467,715	104,641	1,572,356	1,772,946	284,979	2,057,925
Other	978,268	163,732	1,142,000	1,047,596	176,548	1,224,144
Total Revenues	\$ 9,290,992	\$ 2,142,166	\$ 11,433,158	\$ 10,531,362	\$ 1,929,117	\$ 12,460,479
Expenditures						
General Government	\$ 1,239,711	\$ -	\$ 1,239,711	\$ 1,253,686	\$ -	\$ 1,253,686
Public Safety	4,134,646	89,147	4,223,793	4,357,810	93,950	4,451,760
Public Works (Highways, Sanitation, Other)	924,896	1,837,116	2,762,012	968,848	1,172,701	2,141,549
Culture and Recreation	390,065	59,193	449,258	387,915	763,567	1,151,482
Debt Service	263,332	-	263,332	263,633	-	263,633
Employee Benefits, Insurance and Other	2,339,755	-	2,339,755	2,787,772	1,295	2,789,067
Total Expenditures	\$ 9,292,405	\$ 1,985,456	\$ 11,277,861	\$ 10,019,664	\$ 2,031,513	\$ 12,051,177
Other financing Uses						
Interfund Transfers	80,000	(80,000)	-	(195,000)	195,000	-
Sale of Fixed Assets	14,381	-	14,381	-	-	-
Total Other Financing Uses	94,381	(80,000)	14,381	(195,000)	195,000	-
Net Changes in Fund Balances	92,968	76,710	169,678	316,698	92,604	409,302
Fund Balances:						
January 1	\$ 3,161,665	\$ 1,476,810	\$ 4,638,475	\$ 3,254,633	\$ 1,553,520	\$ 4,808,153
December 31	\$ 3,254,633	\$ 1,553,520	\$ 4,808,153	\$ 3,571,331	\$ 1,646,124	\$ 5,217,455

GENERAL FUND

REVENUES



EXPENDITURES



Business Type Activities
Changes in Net Assets
December 31

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

Statement of Net Assets
December 31

	BUSINESS TYPE ACTIVITIES	
	Sewer Fund	
	2004	2005
Operating Revenues		
Charges for Services	\$ 6,586,307	\$ 6,217,887
Intergovernmental Revenues and Other	85,748	631,143
Total Operating Revenues	\$ 6,672,055	\$ 6,849,030
Operating Expenditures		
Costs of Services	4,090,730	4,338,605
Administration	199,839	186,191
Amortization and Depreciation	1,430,592	1,433,258
Total Operating Expenditures	5,721,161	5,958,054
Non Operating Revenues (Expenditures)		
Tapping Fees	374,380	504,084
Investment Income	166,245	196,630
Bad Debts	(23,414)	-
Bond Interest	(79,165)	(61,165)
Gain on Sale of Assets	18,707	2,646
Total Non Operating Revenues (Expenditures)	456,753	642,195
Change in Net Assets	1,407,647	1,533,171
Total Net Assets - January 1	\$ 36,372,539	\$ 37,780,186
Total Net Assets - December 31	\$ 37,780,186	\$ 39,313,357

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was \$316,698. This was primarily due to increased revenues with specific emphasis upon tax collections and service charges. The actual General Fund fund balance increased to \$3,571,331. Page six of the financial statements presents the detailed review.

BUSINESS-TYPE ACTIVITIES

The change in net assets of business type activities (sewer fund) was \$1,533,171. This increase is primarily attributed to the continuing development taking place in the Township and the associated "tapping" fees of \$504,084 into the sewer "revenue stream". Page ten highlights these activities by specific numbers and analysis.

THE TOWNSHIP'S FUNDS

Governmental and Business Type Funds

As of 2005 year end, the governmental funds (please refer to page 6) reported a combined fund balance of \$5,217,455. Several of the governmental funds are capital expenditure related. The General Fund experienced a net increase of \$316,698 as reported above. For the proprietary business type funds at year end, the business type fund (Sewer Fund) reported net assets of \$39,313,357 which was \$1,533,171 more than at the beginning of the year. Please refer to page ten for a variety of specific changes presented.

CAPITAL ASSETS AND DEBT ADMINISTRATION GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES

Capital Assets

At the end of 2005, the Township had \$36,612,861 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Township Administration Building, Police and Public Works equipment. More detail is shown in the notes to the financial statements as summarized on page 23.

The Sewer Fund at the close of 2005 had net capital assets of \$32,527,667. The capital assets are summarized in the Notes to the Financial Statements and shown on page 23.

Debt

At December 31, 2005 the General Fund long term debt stood at \$970,000 and the sewer fund debt at \$2,580,000. As reported in the Notes to the Financial Statements (page 25), during 2003 the Township refunded its general obligation notes Series 2001 and issued new general obligation bonds. These new bonds will mature annually until November 2009. The Township's general obligation bonds carry a AAA rating by Standard and Poor's.

BUDGET AND ECONOMIC HIGHLIGHTS

Over the course of 2005, the Township Budget was able to sustain a variety of changes to its 2005 expenditure plans. This was achieved based upon the Township's continuing revenue resources, constant financial monitoring by departmental staff, and the cooperative support of its legislative body. As has been described earlier, The Township's general fund balance actually increased at the close of fiscal year 2005 by \$316,698, and continues to remain substantial to safeguard economic adjustments. The total general fund balance of \$3,571,331 has \$1,082,000 reserved to maintain the balance between revenues and expenditures for 2006.

For 2005, the total actual General Fund Revenues exceeded budgeted revenues by \$1,531,362. This was primarily the result of the increased tax collections and charges for services received which reflect the continuing economic vitality of the Township. In addition, Springettsbury as the commercial center of York County continued the growth in its business privilege and mercantile taxes receipts along with a healthy real estate environment from the transfer tax. The financial statements provide a detailed break-down on page 35.

While General Fund expenditures were higher, overall, the Township was able to sustain these extra expenses. As part of financial monitoring during 2005, the insurance related expenses now shown totally in the general fund contributed to consolidating the fringe benefits reporting and enhanced overall financial management.

The Township's elected and appointed officials considered many factors when establishing the 2005 Budget, the tax rate, fee schedules, and overall expenditure programs and plans for 2005. The prevailing economic conditions in the Township are always a serious budgetary consideration due to the commercial base the Township maintains. Springettsbury Township has an economy concentrated in retail and service industries. Employment has been relatively stable compared to other areas in the Commonwealth. Business growth has been maintained. Continued stability is anticipated. The trend in building permits issued remains positive and is an indicator of the steady economic development in our township and area.

During 2005, the Township created a Development Authority to further enhance its business/commercial base by engaging in the redevelopment of existing structures and an increased effort to market Springettsbury as a commercial center.

In addition, Springettsbury Township experienced an increase in population growth from 21,564 in 1990 to 23,883 in 2000. This impressive 10% growth is another factor representing the vitality of the Township's building activities.

General Fund expenditures have risen in recent years in large part to the enormous rise in health and other fringe benefits expenditures, and the major expansion of Township recreation facilities. At the same time with continued focus upon budgetary management, additional revenues received from the property transfer tax, the continuing emphasis and evaluation concerning service fees, the Township's fund balance has been maintained.

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. If you have questions about this report or need additional information, please contact Jack Hadge, Springettsbury Township Finance Department 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521(extension 416).

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Primary Government			Component Units Ambulance/Fire
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,562,534	\$ 357,196	\$ 1,919,730	\$ 121,692
Investments	3,027,693	5,333,890	8,361,583	606,642
Taxes Receivable, Net	403,404	--	403,404	--
Internal Balances	57,962	--	57,962	--
Accounts Receivable	275,236	128,693	403,929	--
Other Receivables	250,000	--	250,000	--
Prepaid Expenses	--	9,208	9,208	--
	Total Current Assets	5,828,987	11,405,816	728,334
Noncurrent Assets:				
Other Assets				
Restricted Assets	--	3,956,122	3,956,122	--
Bond Issuance Costs (Net of Accumulated Amortization)	--	32,138	32,138	--
	Total Other Assets	3,988,260	3,988,260	--
Capital Assets				
Land and Right of Ways	1,512,163	1,092,981	2,605,144	--
Buildings	6,557,158	--	6,557,158	456,139
Improvements (Other than Buildings)	4,483,804	--	4,483,804	590,842
Machinery and Equipment	2,160,117	3,629,625	5,789,742	2,584,758
Infrastructure Assets	43,262,029	--	43,262,029	--
Collection Lines	--	21,148,878	21,148,878	--
Treatment Plant	--	26,441,892	26,441,892	--
Furniture and Fixtures	--	--	--	15,525
Less: Accumulated Depreciation	(21,362,410)	(19,785,709)	(41,148,119)	(2,510,092)
	Total Capital Assets	32,527,667	69,140,528	1,137,172
	Total Noncurrent Assets	36,515,927	73,128,788	1,137,172
	TOTAL ASSETS	\$42,344,914	\$84,534,604	\$ 1,865,506

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Primary Government			Component Units Ambulance/Fire
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 97,649	\$ 421,652	\$ 519,301	\$ 3,692
Current Portion of Long-Term Debt	245,000	930,000	1,175,000	23,278
Accrued Salaries and Wages	245,684	55,889	301,573	--
Payroll Deductions and Withholdings	1,678	--	1,678	--
Other Current Liabilities	14,363	59,342	73,705	--
Total Current Liabilities	604,374	1,466,883	2,071,257	26,970
Noncurrent Liabilities:				
Bonds/Notes Payable	970,000	2,580,000	3,550,000	198,109
Refunding Debt Charges	--	(85,326)	(85,326)	--
Current Portion of Long-Term Debt	(245,000)	(930,000)	(1,175,000)	(23,278)
Long-Term Portion of Compensated Absences	46,974	--	46,974	--
Total Noncurrent Liabilities	771,974	1,564,674	2,336,648	174,131
TOTAL LIABILITIES	1,376,348	3,031,557	4,407,905	201,801
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	35,642,861	30,000,854	65,643,715	939,063
Restricted	--	3,956,122	3,956,122	--
Unrestricted	5,170,481	5,356,381	10,526,862	724,642
TOTAL NET ASSETS	40,813,342	39,313,357	80,126,699	1,663,705
TOTAL LIABILITIES AND NET ASSETS	\$ 42,189,690	\$42,344,914	\$ 84,534,604	\$ 1,865,506

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs Governmental Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units Ambulance/ Fire
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
General Government	\$ 1,316,226	\$ 396,974	\$ 9,463	\$ --	\$ (909,789)	\$ --	\$ (909,789)
Public Safety	4,489,948	1,277,005	480,201	--	(2,732,742)	--	(2,732,742)
Sanitation	30,858	319,009	--	--	288,151	--	288,151
Highways and Streets	3,254,587	138,302	613,477	267,572	(2,235,236)	--	(2,235,236)
Other Public Works	75	--	--	--	(75)	--	(75)
Culture and Recreation	617,829	596,620	--	--	(21,209)	--	(21,209)
Employee Benefits, Insurance and Other	2,789,067	356,034	459,653	--	(1,973,380)	--	(1,973,380)
Interest on Long-Term Debt	23,633	--	--	--	(23,633)	--	(23,633)
Total Governmental Activities	12,522,223	3,083,944	1,562,794	267,572	(7,607,913)	--	(7,607,913)
Business-Type Activities:							
Sewer	6,019,219	6,220,462	1,132,652	--	--	1,333,895	1,333,895
Total Primary Government	\$18,541,442	\$9,304,406	\$ 2,695,446	\$ 267,572	(7,607,913)	1,333,895	(6,274,018)
Component Units:							
Commonwealth Fire Company	\$ 18,283	\$ 15,673	\$ --	\$ --	--	--	(2,610)
Springetts Fire Company	47,120	23,050	--	--	--	--	(24,070)
Springettsbury Twp. Volunteer Fire Company	266,637	44,451	123,062	--	--	--	(99,124)
Springetts Ambulance Club, Inc.	46,134	1,032	--	--	--	--	(45,102)
Total Component Units	\$ 378,174	\$ 84,206	\$ 123,062	\$ --	--	--	(170,906)
General Revenues:							
Property Taxes, Levied for General Purposes, Net							
Mercantile, Business Privilege and Earned Income Taxes Levied for Specific Purposes, Net					1,677,042		1,677,042
Investment Earnings					5,745,777		5,745,777
Miscellaneous Income					110,560	196,630	307,190
Gain on Sale of Capital Assets					12,790	--	12,790
Total General Revenues					7,546,169	196,630	7,742,800
Change in Net Assets					(61,744)	1,533,171	1,471,427
Net Assets - January 1, 2005					40,875,086	37,780,186	78,655,272
Net Assets - December 31, 2005					\$40,813,342	\$39,313,357	\$ 1,663,705

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 645,711	\$ 916,823	\$ 1,562,534
Investments	2,692,239	335,454	3,027,693
Taxes Receivable (Net)	403,404	--	403,404
Due from Other Funds	58,931	33,736	92,667
Accounts Receivable	158,093	117,143	275,236
Grants Receivable	--	250,000	250,000
	<u>3,958,378</u>	<u>1,653,156</u>	<u>5,611,534</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ 33,736	\$ 969	\$ 34,705
Accounts Payable	91,586	6,063	97,649
Accrued Salaries and Wages	245,684	--	245,684
Payroll Deductions and Withholdings	1,678	--	1,678
Other Liabilities	14,363	--	14,363
	<u>387,047</u>	<u>7,032</u>	<u>394,079</u>
TOTAL LIABILITIES			
FUND BALANCES			
Unreserved:			
General Fund	2,489,331	--	2,489,331
Special Revenue Funds	--	1,092,850	1,092,850
Capital Projects Funds	--	553,274	553,274
Reserved	1,082,000	--	1,082,000
	<u>3,571,331</u>	<u>1,646,124</u>	<u>5,217,455</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 3,958,378</u>	<u>\$ 1,653,156</u>	<u>\$ 5,611,534</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Total Fund Balances – Governmental Funds	\$ 5,217,455
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$ 57,975,271, and the accumulated depreciation is \$21,362,410.	36,612,861
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 payable	(970,000)
Compensated absences	(46,974)
	<u>(1,016,974)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>\$ 40,813,342</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Real Estate Taxes and Penalties	\$ 1,326,515	\$ 350,527	\$ 1,677,042
Other Taxes	5,745,777	--	5,745,777
Licenses and Permits	263,799	--	263,799
Fines and Forfeits	336,050	--	336,050
Interest, Rents and Royalties	74,071	36,489	110,560
Intergovernmental Revenues	638,528	1,117,063	1,907,889
Charge for Services	1,772,946	284,979	1,905,627
Miscellaneous	1,515	--	1,515
Refund of Prior Year's Expenditures	16,127	15,393	31,520
Reimbursements	356,034	--	356,034
Contributions from Private Sources	--	124,666	124,666
	10,531,362	1,929,117	12,460,479
EXPENDITURES			
General Government	1,253,686	--	1,253,686
Public Safety	4,357,810	93,950	4,451,760
Highways and Street	968,848	1,165,172	2,134,020
Sanitation	--	7,454	7,454
Other Public Works	--	75	75
Culture and Recreation	387,915	763,567	1,151,482
Debt Service	263,633	--	263,633
Employee Benefits, Insurance and Other	2,787,772	1,295	2,789,067
	10,019,664	2,031,513	12,051,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	511,698	(102,396)	409,302
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	(195,000)	195,000	--
TOTAL OTHER FINANCING USES	(195,000)	195,000	--
NET CHANGE IN FUND BALANCES	316,698	92,604	409,302
FUND BALANCES: JANUARY 1, 2005	3,254,633	1,553,520	4,808,153
FUND BALANCES: DECEMBER 31, 2005	\$ 3,571,331	\$ 1,646,124	\$ 5,217,455

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Total net change in fund balance – governmental funds \$ 409,302

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

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

Depreciation expense	\$ (1,914,302)	
Capital outlays	1,305,703	
Retirement of Capital Assets	(55,473)	(664,072)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 240,000

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

Increase in compensated absences (46,974)

Change in net assets of governmental activities \$ (61,744)

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Business-Type Activities Sewer Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 357,196
Investments	5,333,890
Accounts Receivable	128,693
Prepaid Expenses	<u>9,208</u>
Total Current Assets	<u>5,828,987</u>
Noncurrent Assets:	
Other Assets	
Restricted Assets	3,956,122
Bond Issuance Costs (Net of Accumulated Amortization)	<u>32,138</u>
Total Other Assets	<u>3,988,260</u>
Capital Assets	
Land and Right of Ways	1,092,981
Machinery and Equipment	3,629,625
Collection Lines	21,148,878
Treatment Plant	26,441,892
Less: Accumulated Depreciation	<u>(19,785,709)</u>
Total Capital Assets, Net	<u>32,527,667</u>
Total Noncurrent Assets	<u>36,515,927</u>
TOTAL ASSETS	<u>\$ 42,344,914</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Business-Type Activities Sewer Fund</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 421,652
Accrued Salaries and Wages	55,889
Other Accrued Liabilities	2,040
Due to Other Funds	57,302
Current Portion of Long-Term Debt	<u>930,000</u>
Total Current Liabilities	<u>1,466,883</u>
Noncurrent Liabilities:	
Bonds Payable	2,580,000
Refunding Debt Charges	(85,326)
Current Portion of Long-Term Debt	<u>(930,000)</u>
Total Noncurrent Liabilities	<u>1,564,674</u>
TOTAL LIABILITIES	<u>3,031,557</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	30,000,854
Restricted	3,956,122
Unrestricted	<u>5,356,381</u>
TOTAL NET ASSETS	<u>39,313,357</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 42,344,914</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Business-Type Activities Sewer Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 6,217,887
Intergovernmental Revenue	628,568
Refund of Prior Year Expenses	<u>2,575</u>
TOTAL OPERATING REVENUES	<u>6,849,030</u>
OPERATING EXPENSES	
Cost of Services	4,338,605
Administration	186,191
Amortization	43,627
Depreciation	<u>1,389,631</u>
TOTAL OPERATING EXPENSES	<u>5,958,054</u>
OPERATING INCOME/(LOSS)	<u>890,976</u>
NONOPERATING REVENUES (EXPENSES)	
Tapping Fees	504,084
Investment Income	196,630
Bond Interest	(61,165)
Gain on Sale of Capital Assets	<u>2,646</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>642,195</u>
CHANGE IN NET ASSETS	1,533,171
TOTAL NET ASSETS – JANUARY 1, 2005	<u>37,780,186</u>
TOTAL NET ASSETS – DECEMBER 31, 2005	<u>\$ 39,313,357</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Business-Type Activities Sewer Fund</u>
Cash Flows from Operating Activities	
Cash Received from Users	\$ 6,865,247
Cash Payments to Employees for Services	(1,135,530)
Cash Payments to Suppliers for Goods and Services	(2,602,207)
Cash Payments for Other Operating Expenses	<u>(330,587)</u>
Net Cash Provided by (Used for) Operating Activities	<u>2,796,923</u>
Cash Flows from Noncapital Financing Activities	<u>—</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition, Construction and Improvement of Capital Assets	(680,733)
Increase in Restricted Assets	(1,378,926)
Tapping Fees Received	504,084
Principal Payments	(920,000)
Proceeds on Sale of Capital Assets	2,646
Disposal of Capital Assets	2,747
Debt Interest Payments	<u>(61,165)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,531,347)</u>
Cash Flows from Investing Activities	
Investment Income	196,630
(Purchase) Maturity of Investments – Net	<u>(573,987)</u>
Net Cash Provided by Investing Activities	<u>(377,357)</u>
Net (Decrease) in Cash and Cash Equivalents	(111,781)
Cash and Cash Equivalents Beginning of Year	<u>468,977</u>
Cash and Cash Equivalents End of Year	<u>\$ 357,196</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	<u>\$ 890,976</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,389,631
Amortization	43,627
(Increase) Decrease in Accounts Receivable	20,760
(Increase) Decrease in Interfund Balances	103,291
(Increase) Decrease in Prepaid Expenses	21,202
Increase (Decrease) in Accounts Payable	328,379
Increase (Decrease) in Accrued Salaries and Benefits	1,328
Increase (Decrease) in Other Accrued Liabilities	<u>(2,271)</u>
Total Adjustments	<u>1,905,947</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,796,923</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	Pension Trust					Agency Fund
	Paid	Non-	Police	Private Purpose Trust Fund	Schenck Trust	Escrow
	Fireman's	Uniform	Pension	Library	Fund	Fund
	Pension	Pension	Fund	Fund	Fund	Fund
	Fund	Fund	Fund	Fund	Fund	Fund
ASSETS						
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 191,860	\$ 11,000	\$ 103,181
Investments	<u>2,264,825</u>	<u>4,636,994</u>	<u>8,403,262</u>	--	--	--
TOTAL ASSETS	<u>\$2,264,825</u>	<u>\$4,636,994</u>	<u>\$8,403,262</u>	<u>\$191,860</u>	<u>\$ 11,000</u>	<u>\$ 103,181</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable	--	15,133	--	--	\$ --	--
Due to Developers	--	--	--	--	--	102,521
Due to Other Funds	--	--	--	--	--	<u>660</u>
TOTAL LIABILITIES	\$ --	\$ 15,133	\$ --	\$ --	\$ --	<u>\$ 103,181</u>
NET ASSETS						
Held in the Trust:						
Pension Benefits	2,264,825	4,621,861	8,403,262	--	--	--
Other Purposes	--	--	--	191,860	11,000	--
TOTAL NET ASSETS	<u>2,264,825</u>	<u>4,621,861</u>	<u>8,403,262</u>	<u>191,860</u>	<u>11,000</u>	<u>--</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,264,825</u>	<u>\$4,636,994</u>	<u>\$8,403,262</u>	<u>\$191,860</u>	<u>\$ 11,000</u>	<u>\$ 103,181</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Pension Trust			Private Purpose Trust Fund	Schenck Trust Fund
	Paid Firemen's Pension Fund	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Fund
ADDITIONS					
State Contributions – Act 205	\$ 178,304	--	\$ 432,744	\$ --	--
Municipal Contributions	696	258,391	3,256	--	--
Employee Contributions	38,970	57,401	62,892	--	--
Other Contributions	--	--	--	--	11,000
Investment Income	<u>80,193</u>	<u>247,029</u>	<u>342,311</u>	<u>6,289</u>	<u>--</u>
TOTAL ADDITIONS	<u>298,163</u>	<u>562,821</u>	<u>841,203</u>	<u>6,289</u>	<u>11,000</u>
DEDUCTIONS					
Distributions and Benefit Payments	52,095	80,661	468,526	--	--
Miscellaneous Expenses	21,683	--	54,373	--	--
Contribution to Libraries	--	--	--	4,539	--
TOTAL DEDUCTIONS	<u>73,778</u>	<u>80,661</u>	<u>522,899</u>	<u>4,539</u>	<u>--</u>
CHANGE IN NET ASSETS	224,385	482,160	318,304	1,750	11,000
NET ASSETS – JANUARY 1, 2005	<u>2,040,440</u>	<u>4,139,701</u>	<u>8,084,958</u>	<u>190,110</u>	<u>--</u>
NET ASSETS – DECEMBER 31, 2005	<u>\$2,264,825</u>	<u>\$4,621,861</u>	<u>\$ 8,403,262</u>	<u>\$ 191,860</u>	<u>\$ 11,000</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Springettsbury Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

Springettsbury Township (Township), of the County of York, is a municipality located in York, Pennsylvania. It is a township of the second class based upon its population per square mile. The accompanying financial statements present the Township's primary government and component units over which the Township exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Township's Board of Supervisors (as distinct from legal relationships).

Control by, dependence on, or financial accountability to the Township is determined on the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues or general obligations of the Township, obligations of the Township, obligation of the Township to finance any deficits that may occur, or receipt of significant subsidies from the Township.

The financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units

The component units' columns in the combined financial statements include the financial data of the Township's four component units: Commonwealth Fire Company, Springetts Fire Company, newly formed Springettsbury Township Volunteer Fire Company and Springetts Ambulance Club, Inc. These units are reported in a separate column to emphasize that they are legally separate from the Township. The financial information for each of the component units is presented in Note 11.

B. Fund Accounting

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

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

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

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

The Township reports the following major governmental funds:

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

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

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

Additionally, the Township reports the following nonmajor governmental funds:

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

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

- Capital Improvements Fund
- DCED Grant Fund
- Storm Water Reserve Fund
- Waste Reduction Reserve Fund

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

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

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

D. Measurement Focus and Basis of Accounting

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

E. Budgets and Budgetary Accounting

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

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances. As of December 31, 2005, the Township had no encumbrances.

The Board of Supervisors may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings or available fund balance.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

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

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

H. Restricted Assets

Restricted assets consist of cash and investments reserved in accordance with an intermunicipal agreement between Dallastown Borough, Manchester Township, Red Lion Borough, Spring Garden Township, Windsor Township, Windsor Borough, Yoe Borough and York Township for the purchase and/or replacement of capital assets associated with the operations of the Township's Waste Water Treatment Plant.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets of the governmental activities acquired before January 1, 2003 were estimated by the Township engineer and projected at estimated historical cost by the Township. The capitalization threshold is \$100,000 for infrastructure assets of the governmental activities, which consists primarily of roads, bridges, sidewalks, street lighting, traffic signals and storm sewers.

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

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

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

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Estimates

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

L. Proprietary Fund FASB Usage

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

M. Cash, Cash Equivalents and Investments

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

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

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

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

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

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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

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

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

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2005, \$1,647,317 of the Township's bank balance of \$2,047,317 was exposed to custodial credit risk.

Reconciliation to Financial Statements

Uninsured Amount	\$ 1,647,317
Plus: Insured Amount	400,000
Deposits in Transit	101,808
Less: Outstanding Checks	<u>(229,695)</u>
Carrying Amount – Bank Balances	1,919,430
Plus: Petty Cash	<u>300</u>
Total Cash per Financial Statements	<u>\$ 1,919,730</u>

Investments

As of December 31, 2005, the Township had the following investments:

<u>Investment</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Smith Barney(CitiGroup Global Markets, Inc.)		
Government Bonds		
Federal Home Loan Bank	1 – 6 years	\$ 2,157,458
Federal Home Loan Mortgage	1 – 7 years	1,654,865
Federal National Mortgage	5 years	223,024
U.S. Treasury Notes	3 – 5 years	<u>169,460</u>
Total Government Bonds		4,204,807
Certificates of Deposit	1 – 7 years	7,580,702
Money Market Mutual Funds		<u>532,196</u>
Total Smith Barney Investments		<u>\$ 12,317,705</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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

Interest Rate Risk

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

Credit Risk

The Township has an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2005 the Township's investments in Smith Barney (CitiGroup Global Markets, Inc.) were rated AA by Standard & Poor's.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2005, \$4,737,003 of the Township's governmental and business-type investments of \$12,317,705 was exposed to custodial risk as:

Insured or Registered	\$ 7,580,702
Uninsured or unregistered with securities held by counterparty's trust department	--
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name	<u>4,737,003</u>
	<u>\$ 12,317,705</u>

Concentration of Credit Risk – Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Smith Barney – Cash & Investments	\$ 12,439,243	87.37%
Citizen's Bank	1,562,234	10.97%
Sovereign Bank	<u>235,658</u>	<u>1.66%</u>
	<u>\$ 14,237,135</u>	<u>100.00%</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 – DEPOSITS AND INVESTMENTS – TRUST & AGENCY FUNDS

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2005, \$107,478 of the Township's trust and agency funds bank balances of \$210,338 was exposed to custodial credit risk.

Reconciliation to Financial Statements

Uninsured Amount	\$ 102,860
Plus: Insured Amount	107,478
Deposits in Transit	5,500
Held in Escrow	97,461
Less: Outstanding Checks	<u>(7,258)</u>
 Carrying Amount – Bank Balances	 <u>306,041</u>
 Total Cash per Financial Statements	 <u>\$ 306,041</u>

Investments

As of December 31, 2005, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
<u>ICMA Retirement Corporation</u>	
Non-Uniformed Pension Fund	\$ 4,636,994
Firemen Pension Fund	266,818
 <u>Fulton Financial Advisors</u>	
Firemen Pension Fund	1,998,007
Police Pension Fund	4,180,184
 <u>Legacy Trust Company</u>	
Police Pension Fund	<u>4,223,078</u>
	 <u>\$ 15,305,081</u>

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

Credit Risk

The Township does have an investment policy that limits its investment choices to certain credit ratings. As of December 31, 2005 the Township's investments in ICMA Retirement Corporation, Fulton Financial Advisors and Legacy Trust Company were not rated by Standard & Poors.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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

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, 2005, \$15,305,081 of the Township's pension trust fund investments of \$15,305,081 was exposed to custodial risk as:

Insured or Registered	\$	--
Uninsured or unregistered with securities held by counterparty's trust department		--
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name		<u>15,305,081</u>
		<u>\$15,305,081</u>

Concentration of Credit Risk – Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Fulton Financial Advisors	\$ 6,178,191	39.58%
ICMA Retirement Corp	4,903,812	31.41%
Legacy Trust Company	4,223,078	27.05%
Citizen's Bank	202,860	1.30%
Sovereign Bank	<u>103,181</u>	<u>0.66%</u>
	<u>\$ 15,611,122</u>	<u>100.00%</u>

NOTE 5 – RESTRICTED ASSETS

Capital Improvement Reserve - Sewer	<u>\$3,956,122</u>
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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
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-Type Activities as of December 31, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land and Right of Ways	\$ 1,088,981	\$ 4,000	\$ --	\$ 1,092,981
Collection Lines	20,778,281	370,597	--	21,148,878
Treatment Plant	26,408,146	33,746	--	26,441,892
Machinery and Equipment	<u>3,396,285</u>	<u>272,390</u>	<u>(39,050)</u>	<u>3,629,625</u>
Total Capital Assets	<u>51,671,693</u>	<u>680,733</u>	<u>(39,050)</u>	<u>52,313,376</u>
Less: Accumulated Depreciation				
Collection Lines	6,153,761	538,845	--	6,692,606
Treatment Plant	9,752,557	692,438	--	10,444,995
Machinery and Equipment	<u>2,526,063</u>	<u>158,348</u>	<u>(36,303)</u>	<u>2,648,108</u>
Total Accumulated Depreciation	<u>18,432,381</u>	<u>1,389,631</u>	<u>(36,303)</u>	<u>19,785,709</u>
Business-Type Activities Capital Assets, Net	<u>\$33,239,312</u>	<u>\$ (708,898)</u>	<u>\$ (2,747)</u>	<u>\$ 32,527,667</u>

A summary of capital assets of the Governmental Activities for the year ended December 31, 2005, was:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 1,512,163	\$ --	\$ --	\$ 1,512,163
Buildings	6,557,158	--	--	6,557,158
Improvements (Other than Buildings)	3,764,804	719,000	--	4,483,804
Construction in Progress	923,243	326,757	(1,250,000)	--
Machinery and Equipment	2,047,839	259,946	(147,668)	2,160,117
Infrastructure Assets	<u>42,012,029</u>	<u>1,250,000</u>	<u>--</u>	<u>43,262,029</u>
Total Capital Assets	<u>56,817,236</u>	<u>2,555,703</u>	<u>(1,397,668)</u>	<u>57,975,271</u>
Less: Accumulated Depreciation				
Buildings	1,204,393	177,554	--	1,381,947
Improvements (Other than Buildings)	318,070	148,231	--	466,301
Machinery and Equipment	1,018,258	122,766	(92,195)	1,048,829
Infrastructure Assets	<u>16,999,582</u>	<u>1,465,751</u>	<u>--</u>	<u>18,465,333</u>
Total Accumulated Depreciation	<u>19,540,303</u>	<u>1,914,302</u>	<u>(92,195)</u>	<u>21,362,410</u>
Governmental Activities Capital Assets, Net	<u>\$37,276,933</u>	<u>\$ 641,401</u>	<u>\$(1,305,473)</u>	<u>\$ 36,612,861</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 6 – CHANGES IN CAPITAL ASSETS (Continued)

A summary of capital assets of the Component Unit as of December 31, 2005, was:

	<u>Commonwealth Fire Company</u>	<u>Springetts Fire Company</u>	<u>Springettsbury Volunteer Fire Company</u>	<u>Springetts Ambulance Club, Inc.</u>	<u>Total</u>
Buildings	\$ 222,500	\$ 223,000	\$ 10,639	\$ --	\$ 456,139
Improvements (Other than Buildings)	167,652	293,214	--	129,976	590,842
Machinery and Equipment	--	--	1,829,110	755,648	2,584,758
Furniture and Fixtures	--	--	--	15,525	15,525
	<u>390,152</u>	<u>516,214</u>	<u>1,839,749</u>	<u>901,149</u>	<u>3,647,264</u>
Accumulated Depreciation	<u>(158,638)</u>	<u>(368,445)</u>	<u>(1,330,213)</u>	<u>(652,796)</u>	<u>(2,510,092)</u>
Net Property, Plant and Equipment	<u>\$ 231,514</u>	<u>\$ 147,769</u>	<u>\$ 509,536</u>	<u>\$ 248,353</u>	<u>\$1,137,172</u>

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

Governmental Activities:	
General Government	\$ 95,114
Public Safety	75,789
Sanitation	86,693
Highways and Streets	1,471,359
Culture and Recreation	<u>185,347</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,914,302</u>
Business-Type Activities:	
Sewer	<u>\$ 1,389,631</u>

NOTE 7 – DUE TO/FROM OTHER FUNDS

The interfund receivables and payables balances at December 31, 2005 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 58,931	\$ 33,736
Special Revenue Fund	--	969
Escrow Fund	--	660
Enterprise Fund	--	57,302
Capital Improvements Fund	<u>33,736</u>	<u>--</u>
	<u>\$ 92,667</u>	<u>\$ 92,667</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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

	Bonds and Notes Payable
<u>General Fund</u>	
Balance as of January 1, 2005	\$ 1,210,000
Principal Retirements	(240,000)
Balance as of December 31, 2005	<u>\$ 970,000</u>
<u>Enterprise Fund</u>	
Balance as of January 1, 2005	\$ 3,500,000
Principal Retirements	(920,000)
	2,580,000
Deferred Loss on Retirement of Bonds	(85,326)
Balance as on December 31, 2005	<u>\$ 2,494,674</u>
<u>Component Units</u>	
Balance as of January 1, 2005	\$ 220,926
Principal Retirements	(22,817)
Balance as of December 31, 2005	<u>\$ 198,109</u>

General Obligation Bond, 2003

On March 15, 2003, the Township issued general obligation bonds in the amount of \$6,810,000. The purposes of the bonds were to advance refund the Township's general obligation notes, Series of 2001 and the Series of 1993 and to pay certain costs and expenses related to the issuance of the bonds. The bonds bear interest rates ranging from 1.20% to 2.75% payable semi-annually. The bonds mature annually from November 2003 to November 2009. The balance outstanding at December 31, 2005 was \$3,550,000

The General Fund portion is \$970,000 and the Enterprise portion is \$2,580,000, allocated respectively.

Notes Payable – Component Units

The two fire companies have issued four notes payable for the purchase of emergency vehicles through the PA Emergency Management Agency. The notes are collateralized by the vehicles. The vehicles and the loan obligations have been transferred to newly formed Springettsbury Township Volunteer Fire Company. The three remaining notes bear an interest rate of 2% and payments are required monthly.

	Balance at December 31, 2005	Required Monthly Payment	Maturity Date
Note #18737	\$ 42,484	\$ 644	2011
Note #19583	114,288	965	2016
Note #18735	41,337	643	2011
	<u>\$ 198,109</u>	<u>\$ 2,252</u>	

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 8 – LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2005, are as follows:

General Obligation Bonds – 2003

Year Ended December 31,	General Fund			Enterprise Fund		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 245,000	\$ 20,753	\$ 265,753	\$ 930,000	\$ 50,125	\$ 980,125
2007	250,000	16,955	266,955	890,000	35,710	925,710
2008	245,000	12,205	257,205	600,000	18,800	618,800
2009	<u>230,000</u>	<u>6,325</u>	<u>236,325</u>	<u>160,000</u>	<u>4,400</u>	<u>164,400</u>
	<u>\$ 970,000</u>	<u>\$ 56,238</u>	<u>\$1,026,238</u>	<u>\$2,580,000</u>	<u>\$ 109,035</u>	<u>\$2,689,035</u>

Component Units – Notes Payable

Year Ended December 31,	Principal	Interest	Total
2006	\$ 23,278	\$ 3,749	\$ 27,027
2007	23,748	3,279	27,027
2008	24,227	2,800	27,027
2009	24,716	2,311	27,027
2010	25,215	1,812	27,027
2011-2015	65,467	4,031	69,498
2016	<u>11,458</u>	<u>124</u>	<u>11,582</u>
	<u>\$198,109</u>	<u>\$ 18,106</u>	<u>\$216,215</u>

NOTE 9 – COMPENSATED ABSENCES

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

For the year ended December 31, 2005, compensated absences changed as follows:

Beginning of year	\$ --
Increases in Compensated Absences	<u>46,974</u>
End of Year	<u>\$ 46,974</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 10 – PROPERTY TAXES

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. The schedule of property taxes levied for 2005 was as follows:

February 15 2005	Levy Date
February 16 to April 17, 2005	2% Discount Period
April 17 to June 14, 2005	Face Payment Period
Beginning June 15, 2005	10% Penalty Period
January 15, 2006	Lien Date

The property tax rate for all purposes in 2005 was 1.077 mills (\$1.08 per \$1,000 assessed valuation).

NOTE 11 – COMPONENT UNITS

The financial statements of each of the component units and the related combined totals consist of the following as of and for the year ended December 31, 2005. During 2002, the Springettsbury Township Volunteer Fire Company (STVFC) was created to merge the Commonwealth Fire Company and Springetts Fire Company. The assets and related liabilities were transferred to STVFC with the exception of the buildings and the social hall activities of each fire company.

Statement of Net Assets						
	Commonwealth Fire Company	Springetts Fire Company	Springettsbury Twp. Volunteer Fire Company	Total Fire Companies	Springetts Ambulance Club, Inc.	Total Component Units
ASSETS						
Cash and Cash Equivalents	\$ 18,688	\$ 42,902	\$ 42,982	\$ 104,572	\$ 17,120	\$ 121,692
Investments	--	24,352	253,225	277,577	329,065	606,642
Property, Plant and Equipment	390,152	516,214	1,839,749	2,746,115	901,149	3,647,264
Accumulated Depreciation	<u>(158,638)</u>	<u>(368,445)</u>	<u>(1,330,213)</u>	<u>(1,857,296)</u>	<u>(652,796)</u>	<u>(2,510,092)</u>
TOTAL ASSETS	<u>\$ 250,202</u>	<u>\$ 215,023</u>	<u>\$ 805,743</u>	<u>\$1,270,968</u>	<u>\$ 594,538</u>	<u>\$ 1,865,506</u>
LIABILITIES						
Accounts Payable	\$ --	\$ --	\$ 3,692	\$ 3,692	\$ --	\$ 3,692
Notes Payable	<u>--</u>	<u>--</u>	<u>198,109</u>	<u>198,109</u>	<u>--</u>	<u>198,109</u>
TOTAL LIABILITIES	<u>--</u>	<u>--</u>	<u>201,801</u>	<u>201,801</u>	<u>--</u>	<u>201,801</u>
NET ASSETS	<u>250,202</u>	<u>215,023</u>	<u>603,942</u>	<u>1,069,167</u>	<u>594,538</u>	<u>1,663,705</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 250,202</u>	<u>\$ 215,023</u>	<u>\$ 805,743</u>	<u>\$1,270,968</u>	<u>\$ 594,538</u>	<u>\$ 1,865,506</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 11 – COMPONENT UNITS (Continued)

	<u>Statements of Revenues, Expenses and Changes in Net Assets</u>					
	<u>Commonwealth Fire Company</u>	<u>Springetts Fire Company</u>	<u>Springettsbury Twp. Volunteer Fire Company</u>	<u>Total Fire Companies</u>	<u>Springetts Ambulance Club, Inc.</u>	<u>Total Component Units</u>
REVENUES						
County Allocation	\$ --	\$ --	\$ 5,000	\$ 5,000	\$ --	\$ 5,000
Township Allocation	--	--	55,735	55,735	--	55,735
Investment Income	118	1,411	12,839	14,368	1,585	15,953
Social Hall Rentals	15,673	23,050	--	38,723	--	38,723
Contributions	--	--	62,327	62,327	--	62,327
Miscellaneous Revenue	--	--	5,267	5,267	--	5,267
Charges for Services	--	--	--	--	1,032	1,032
TOTAL REVENUES	<u>15,791</u>	<u>24,461</u>	<u>141,168</u>	<u>181,420</u>	<u>2,617</u>	<u>184,037</u>
EXPENSES						
Operating Expenses	3,722	5,193	128,748	137,663	6,424	144,087
Depreciation	12,061	14,314	125,874	152,249	39,710	191,959
Interest Expenses	--	--	4,210	4,210	--	4,210
Fundraising Expenses	--	--	476	476	--	476
Miscellaneous Expenses	--	913	7,329	8,242	--	8,242
TOTAL EXPENSES	<u>15,783</u>	<u>20,420</u>	<u>266,637</u>	<u>302,840</u>	<u>46,134</u>	<u>348,974</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>8</u>	<u>4,041</u>	<u>(125,469)</u>	<u>(121,420)</u>	<u>(43,517)</u>	<u>(164,937)</u>
OTHER FINANCING SOURCES (USES)						
Refunds of Prior Year Expenditures	--	--	15,251	15,251	--	15,251
Transfers In(Out)	(2,500)	(26,700)	29,200	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,500)</u>	<u>(26,700)</u>	<u>44,451</u>	<u>15,251</u>	<u>--</u>	<u>15,251</u>
CHANGE IN NET ASSETS	(2,492)	(22,659)	(81,018)	(106,169)	(43,517)	(149,686)
NET ASSETS – BEGINNING	<u>252,694</u>	<u>237,682</u>	<u>684,960</u>	<u>1,175,336</u>	<u>638,055</u>	<u>1,813,391</u>
NET ASSETS – ENDING	<u>\$ 250,202</u>	<u>\$ 215,023</u>	<u>\$ 603,942</u>	<u>\$1,069,167</u>	<u>\$ 594,538</u>	<u>\$ 1,663,705</u>

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 12 – CONTINGENCIES

Grant Programs

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

Litigation

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

NOTE 13 – COMMITMENT

The Township entered into a commitment with the City of York to purchase 4.8 million gallons per day of additional sewer capacity for an indefinite period of time. Beginning in 2002, the Township began making annual payments of \$230,000 to the City for a period of twenty years and an annual payment of \$30,000 for 3 years beginning in 2002. 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. 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:

2006	\$ 831,000
2007	831,000
2008	831,000
2009	831,000
2010	831,000
2011-2015	4,155,000
2016-2020	3,105,000
2021-2024	<u>396,000</u>
	<u>\$ 11,811,000</u>

NOTE 14 – PENSION PLANS

The Township has included in these financial statements the three 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
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 14 – 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, provided the surviving spouse is not re-married, or to dependent children under age 18 in an amount equal to 50% of the initial amount payable to the participant. The amount of monthly pension is equal to 50% of average monthly pay plus \$50 per year for each year of service in excess of 25 years of service subject to a maximum increment of \$100 per month.

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

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

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions. Based on the actuarial report, the plan is currently fully funded; therefore, member contributions have been suspended.

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan and the annual pension cost contributed for the years ended December 31, 1994 through December 31, 2005 were as follows:

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
1995	84,615	84,920	100.0%+
1996	92,430	92,430	100.0%
1997	129,218	129,518	100.0%+
1998	132,344	132,344	100.0%
1999	157,630	157,630	100.0%
2000	66,221	71,632	100.0%+
2001	52,306	52,306	100.0%
2002	77,160	78,901	100.0%+
2003	181,971	181,971	100.0%
2004	238,064	238,064	100.0%
2005	432,744	436,000	100.0%+

(1) Includes general municipal pension system state aid.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 14 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Actuarial Valuation

An actuarial study as of January 1, 2005 was completed by Conrad M. Siegel, Inc. on October 17, 2005. 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, 2005; (1) a 7.5% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) pre-retirement mortality life expectancies based on the UP 1984 table; (4) post-retirement mortality life expectancies based on the UP 1984 table, with 5 year age setback for females; no age setback for males; (5) loading of 5% added to basic pension costs for disability; (6) death benefit cost computed on the assumption that all participants will have spouses of the same age at the date of eligibility of the benefit; (7) projected salary increases of 5% per year; (8) normal retirement age; (9) provision for administrative expenses added to normal cost; (10) moderate inflation based on long-term historical average rate, and (11) actuarial value of assets based on market value as determined by the trustee. (12) Cost of living increases – 4%/year effective after 5 years with a maximum increase of 30%.

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

Historical trend information required to be disclosed, beginning as of January 1, 1995 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded/ (Underfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability/ Funding Excess (Deficit) as a Percentage of Payroll</u>
1/1/1995	4,338,955	4,215,226	123,729	102.9%	1,030,526	12.0%
1/1/1996	5,381,368					
1/1/1997	5,995,090	5,529,773	465,317	108.4%	1,217,747	38.2%
1/1/1998	6,933,341					
1/1/1999	7,909,775	6,678,857	1,230,918	118.4%	1,409,423	87.3%
1/1/2000	8,021,413					
1/1/2001	8,135,507	7,407,787	727,720	109.8%	1,303,217	55.8%
1/1/2002	7,492,086					
1/1/2003	6,950,391	8,243,946	(1,293,555)	84.3%	1,544,695	(83.7%)
1/1/2004	8,052,239					
1/1/2005	8,084,958	9,433,418	(1,348,460)	85.7%	1,720,759	(78.4%)

NON-UNIFORMED AND PAID FIREMEN'S PENSION PLANS

Plan Descriptions

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 14 – PENSION PLANS (Continued)

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

Paid Fireman's Pension Plan

Plan Description

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

Eligibility Requirements and Benefits Descriptions

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

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

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

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

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions.

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

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer (1)</u>	<u>Percentage Contributed</u>
2005	178,304	179,000	100.0%+

(1) Includes general municipal pension system state aid.

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 14 – PENSION PLANS (Continued)

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

Non-Uniform Pension Plan

Non-uniformed employees over the age of 21 are eligible to participate after 6 months of service. A participant is eligible for normal retirement after attainment of age 59½. Participants become 20% vested in the Township's contributions after three years of employment. An additional 20% is vested for each additional year of employment. A participant becomes fully vested after seven years of employment. Each participant is required to contribute 2% of gross pay. Employer contributions equals 9.0% of each individual employee's gross pay. For the year ended December 31, 2005, the Township contributed \$258,391 to the Non-Uniformed Pension Plan.

NOTE 15 – DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 16 – POST-RETIREMENT BENEFITS

The Township provides certain health care benefits to retired police and fire employees as required by union contracts. Medical (until age 65), dental, vision and prescription benefits require 50 percent co-pay by the retiree. During 2005, there were 10 eligible retirees with medical coverage, dental and vision coverage, and prescription coverage. The cost of retirees' retirement benefits is recognized as an expenditure at the time premiums are paid. Post-retirement benefits totaled \$80,931 in 2005.

NOTE 17 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous year. During the year ended December 31, 2005, no settlements exceeded insurance coverage.

NOTE 18 – SELF INSURANCE

Health Insurance

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by NCAS. During the year ended December 31, 2004, the Township remitted their contracted monthly amount to IIC who pays the funds directly to NCAS. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. At the end of the Pool's fiscal year in March, the excess or deficit of the Pool is allocated to all the members. The Township was limited to liability for claims to \$35,000 individually and \$220,553 in the aggregate for claims from January through March of 2005. The Township was limited to liability for claims to \$45,000 individually and \$812,466 in the aggregate for claims from April through December of 2005.

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, 2005.

As of December 31, 2005, there are no additional assessments relating to the health plan.

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 18 – SELF INSURANCE (Continued)

Workers' Compensation

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

It is the intent of the members of the Trust that the Trust will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. The Trust is limited in liability up to \$350,000 for a claim over its life. As of December 31, 2005, the Township is not aware of any additional assessments relating to the Trust.

NOTE 19 – RESERVED FUND BALANCE

The fund balance reservations in the general fund of \$1,082,000 represents amounts reserved by management for potential appropriations in excess of anticipated revenues for the year ended December, 31, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2005

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Estate Taxes and Penalties	\$ 1,195,000	\$1,195,000	\$1,326,515	\$ 131,515
Other Taxes	5,090,000	5,090,000	5,745,777	655,777
Licenses and Permits	254,000	254,000	263,799	9,799
Fines and Forfeits	266,000	266,000	336,050	70,050
Interest, Rents, and Royalties	100,000	100,000	74,071	(25,929)
Intergovernmental Revenues	539,000	539,000	590,603	51,603
Charges for Services	1,302,000	1,302,000	1,820,871	518,871
Miscellaneous	3,000	3,000	1,515	(1,485)
Refund of Prior Year Expenditures	1,000	1,000	16,127	15,127
Reimbursements	250,000	250,000	356,034	106,034
TOTAL REVENUES	9,000,000	9,000,000	10,531,362	1,531,362
EXPENDITURES				
General Government	1,157,500	1,237,500	1,253,686	(16,186)
Public Safety	4,409,500	4,409,500	4,357,810	51,690
Highways and Streets	911,500	911,500	968,848	(57,348)
Culture and Recreation	568,000	568,000	387,915	180,085
Debt Service	264,000	264,000	263,633	367
Employee Benefits, Insurance and Other	2,679,500	2,679,500	2,787,772	(108,272)
TOTAL EXPENDITURES	9,990,000	10,070,000	10,019,664	50,336
OTHER FINANCING SOURCES (USES)				
Sale of General Fixed Assets	25,000	25,000	--	(25,000)
Interfund Transfers	(180,000)	(180,000)	(195,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	(155,000)	(155,000)	(195,000)	(40,000)
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	10,145,000	10,225,000	10,214,664	10,336
NET CHANGE IN FUND BALANCE	(1,145,000)	(1,225,000)	316,698	1,541,698
FUND BALANCES – JANUARY 1, 2005	3,254,633	3,254,633	3,254,633	--
FUND BALANCES – DECEMBER 31, 2005	\$ 2,109,633	\$2,029,633	\$3,571,331	\$1,541,698

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	State		Petitioned Street		Fire Company Fund		Subdivision		Total Special	
	Liquid Fuels Fund		Lighting Fund		Original/		Recreation Fund		Revenue Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
REVENUES										
Real Estate Taxes and Penalties	\$ --	\$ --	\$42,500	\$42,523	\$ --	\$ --	\$ --	\$ --	\$ 42,500	\$ 42,523
Interest, Rents and Royalties	5,000	4,836	500	775	5,000	15,587	500	5,563	11,000	26,761
Intergovernmental Revenue	584,475	447,126	--	--	--	--	--	--	584,475	447,126
Charges for Services	--	--	--	--	--	--	152,000	152,298	152,000	152,298
TOTAL REVENUES	589,475	451,962	43,000	43,298	5,000	15,587	152,500	157,861	789,975	668,708
EXPENDITURES										
Public Safety	--	--	--	--	145,000	93,950	--	--	145,000	93,950
Highways and Streets	652,500	461,899	43,000	48,841	--	--	--	--	695,500	510,740
Culture and Recreation	--	--	--	--	--	--	52,500	41,181	52,500	41,181
TOTAL EXPENDITURES	652,500	461,899	43,000	48,841	145,000	93,950	52,500	41,181	893,000	645,871
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,025)	(9,937)	--	(5,543)	(140,000)	(78,363)	100,000	116,680	(103,025)	22,837
OTHER FINANCING SOURCES (USES)	--	--	--	--	140,000	140,000	(100,000)	(100,000)	40,000	40,000
NET CHANGE IN FUND BALANCE	(63,025)	(9,937)	--	(5,543)	--	61,637	--	16,680	(63,025)	62,837
FUND BALANCES - JANUARY 1, 2005	54,201	54,201	24,634	24,634	739,663	739,663	211,515	211,515	1,030,013	1,030,013
FUND BALANCES - DECEMBER 31, 2005	<u>\$ (8,824)</u>	<u>\$ 44,264</u>	<u>\$24,634</u>	<u>\$19,091</u>	<u>739,663</u>	<u>\$801,300</u>	<u>\$211,515</u>	<u>\$228,195</u>	<u>\$ 966,988</u>	<u>\$1,092,850</u>

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

SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Capital Improvements Fund		DCED Grant Fund		Storm Water Reserve Fund		Waste Reserve Fund		Total Capital Project Funds	
	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual	Original/ Final Budget	Actual
REVENUES										
Real Estate Taxes and Penalties	\$ 300,000	\$ 308,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 300,000	\$ 308,004
Interest, Rents and Royalties	2,000	7,358	--	--	500	1,226	500	1,144	3,000	9,728
Intergovernmental Revenue	708,000	402,365	--	267,572	--	--	--	--	708,000	669,937
Charges for Services	--	--	--	--	--	33,000	78,000	99,681	78,000	132,681
Refund of Prior Years Expenditures	--	15,393	--	--	--	--	--	--	--	15,393
Contributions from Private Sources	--	124,666	--	--	--	--	--	--	--	124,666
TOTAL REVENUES	1,010,000	857,786	--	267,572	500	34,226	78,500	100,825	1,089,000	1,260,409
EXPENDITURES										
Highways and Streets	445,000	386,860	--	267,572	--	--	--	--	445,000	654,432
Sanitation	--	--	--	--	--	--	17,000	7,454	17,000	7,454
Other Public Works	--	--	--	--	500	75	--	--	500	75
Culture and Recreation	800,000	722,386	--	--	--	--	--	--	800,000	722,386
Employee Benefits, Insurance and Other	--	--	--	1,295	--	--	--	--	--	1,295
TOTAL EXPENDITURES	1,245,000	1,109,246	--	268,867	500	75	17,000	7,454	1,262,500	1,385,642
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(235,000)	(251,460)	--	(1,295)	--	34,151	61,500	93,371	(173,500)	(125,233)
OTHER FINANCING SOURCES (USES)										
Interfund Transfer	\$ 235,000	\$ 235,000	\$ --	\$ --	\$ --	\$ --	\$ (80,000)	\$ (80,000)	\$ 155,000	\$ 155,000
TOTAL OTHER FINANCING SOURCES (USES)	235,000	235,000	--	--	--	--	(80,000)	(80,000)	155,000	155,000
NET CHANGE IN FUND BALANCE	--	(16,460)	--	(1,295)	--	34,151	(18,500)	13,371	(18,500)	29,767
FUND BALANCES - JANUARY 1, 2005	408,551	408,551	1,295	1,295	53,875	53,875	59,786	59,786	523,507	523,507
FUND BALANCES - DECEMBER 31, 2005	408,551	392,091	\$ 1,295	\$ --	\$ 53,875	\$ 88,026	\$ 41,286	\$ 73,157	\$ 505,007	\$ 553,274

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

SUPPLEMENTARY INFORMATION

OF

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

DECEMBER 31, 2005

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
DECEMBER 31, 2005**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 758,365	\$ 158,458	\$ 916,823
Investments	335,454	--	335,454
Due from Other Funds	--	33,736	33,736
Accounts Receivable	--	117,143	117,143
Grant Receivable	--	<u>250,000</u>	<u>250,000</u>
TOTAL ASSETS	<u>\$1,093,819</u>	<u>\$ 559,337</u>	<u>\$1,653,156</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ --	\$ 6,063	\$ 6,063
Due to Other Funds	<u>969</u>	<u>--</u>	<u>969</u>
TOTAL LIABILITIES	<u>969</u>	<u>6,063</u>	<u>7,032</u>
FUND BALANCES			
Unreserved Fund Balance	<u>1,092,850</u>	<u>553,274</u>	<u>1,646,124</u>
TOTAL FUND BALANCES	<u>1,092,850</u>	<u>553,274</u>	<u>1,646,124</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,093,819</u>	<u>\$ 559,337</u>	<u>\$1,653,156</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Funds</u>
REVENUES			
Real Estate Taxes and Penalties	\$ 42,523	\$ 308,004	\$ 350,527
Interest, Rents and Royalties	26,761	9,728	36,489
Intergovernmental Revenue	447,126	669,937	1,117,063
Charges for Services	152,298	132,681	284,979
Refund of Prior Years Expenditures	--	15,393	15,393
Contributions from Private Sources	<u>--</u>	<u>124,666</u>	<u>124,666</u>
TOTAL REVENUES	<u>668,708</u>	<u>1,260,409</u>	<u>1,929,117</u>
EXPENDITURES			
Public Safety	93,950	--	93,950
Highways and Streets	510,740	654,432	1,165,172
Sanitation	--	7,454	7,454
Other Public Works	--	75	75
Culture and Recreation	41,181	722,386	763,567
Employee Benefits, Insurance and Other	<u>--</u>	<u>1,295</u>	<u>1,295</u>
TOTAL EXPENDITURES	<u>645,871</u>	<u>1,385,642</u>	<u>2,031,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,837</u>	<u>(125,233)</u>	<u>(102,396)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>40,000</u>	<u>155,000</u>	<u>195,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>155,000</u>	<u>195,000</u>
NET CHANGE IN FUND BALANCE	62,837	29,767	92,604
FUND BALANCES – JANUARY 1, 2005	<u>1,030,013</u>	<u>523,507</u>	<u>1,553,520</u>
FUND BALANCES – DECEMBER 31, 2005	<u>\$1,092,850</u>	<u>\$ 553,274</u>	<u>\$1,646,124</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

	<u>State Liquid Fuels Fund</u>	<u>Petitioned Street Lighting Fund</u>	<u>Fire Company Fund</u>	<u>Subdivision Recreation Fund</u>	<u>Total Special Revenue Fund</u>
ASSETS					
Cash and Cash Equivalents	\$ 44,264	\$ 19,091	\$ 466,815	\$ 228,195	\$ 758,365
Investments	<u> --</u>	<u> --</u>	<u> 335,454</u>	<u> --</u>	<u> 335,454</u>
TOTAL ASSETS	<u>\$ 44,264</u>	<u>\$ 19,091</u>	<u>\$ 802,269</u>	<u>\$ 228,195</u>	<u>\$1,093,819</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Other Funds	\$ --	\$ --	\$ 969	\$ --	\$ 969
TOTAL LIABILITIES	<u> --</u>	<u> --</u>	<u> 969</u>	<u> --</u>	<u> 969</u>
FUND BALANCES					
Unreserved Fund Balance	<u> 44,264</u>	<u> 19,091</u>	<u> 801,300</u>	<u> 228,195</u>	<u> 1,092,850</u>
TOTAL FUND BALANCES	<u> 44,264</u>	<u> 19,091</u>	<u> 801,300</u>	<u> 228,195</u>	<u> 1,092,850</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,264</u>	<u>\$ 19,091</u>	<u>\$ 802,269</u>	<u>\$ 228,195</u>	<u>\$1,093,819</u>

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

**SPRINGETTSBURY TOWNSHIP
YORK, PENNSYLVANIA**

**COMBINING BALANCE SHEET
ALL CAPITAL PROJECT FUNDS
DECEMBER 31, 2005**

	Capital Improvements Fund	DCED Grant Fund	Storm Water Reserve Fund	Waste Reserve Fund	Total Capital Project Funds
ASSETS					
Cash and Cash Equivalents	\$ 16,119	\$ --	\$ 88,026	\$ 54,313	\$ 158,458
Due from Other Funds	33,736	--	--	--	33,736
Accounts Receivable	98,299	--	--	18,844	117,143
Grant Receivable	<u>250,000</u>	--	--	--	<u>250,000</u>
TOTAL ASSETS	<u>\$ 398,154</u>	<u>\$ --</u>	<u>\$ 88,026</u>	<u>\$ 73,157</u>	<u>\$ 559,337</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 6,063	\$ --	\$ --	\$ --	\$ 6,063
TOTAL LIABILITIES	<u>6,063</u>	--	--	\$ --	<u>6,063</u>
FUND BALANCES					
Unreserved Fund Balance	<u>392,091</u>	--	<u>88,026</u>	<u>73,157</u>	<u>553,274</u>
TOTAL FUND BALANCES	<u>392,091</u>	--	<u>88,026</u>	<u>73,157</u>	<u>553,274</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 398,154</u>	<u>\$ --</u>	<u>\$ 88,026</u>	<u>\$ 73,157</u>	<u>\$ 559,337</u>

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

Springettsbury Township
Major Fund Determination Worksheet
FISCAL YEAR ENDED 12/31/05

5% and 10% Criteria Test

Fund	Assets	Liabilities	Revenues	Expenditures	Assets	Liab.	Rev.	Expend.	Major Fund?
Governmental Funds									
10 General	3,958,378	387,047	10,531,362	10,019,664					Always
20 Liquid Fuels Fund-Highway Aid Fund	44,264	0	451,962	461,899	NO	NO	NO	NO	Non-Major
21 Subdivision Recreation Fund	228,195	0	157,298	41,181	NO	NO	NO	NO	Non-Major
22 Fire Companies Fund	802,269	969	15,587	93,950	NO	NO	NO	NO	Non-Major
23 Petitioned Street Light Fund	19,091	0	43,298	48,841	NO	NO	NO	NO	Non-Major
30 Capital Improvement Fund	398,154	6,063	857,786	1,109,246	NO	NO	NO	NO	Non-Major
33 Storm Water Reserve Fund	88,026	0	34,226	75	NO	NO	NO	NO	Non-Major
34 Waste Reduction Reserve Fund	73,157	0	100,825	7,454	NO	NO	NO	NO	Non-Major
36 DCED Grant	0	0	267,572	268,867	NO	NO	NO	NO	Non-Major
96 Escrow Fund	103,181	660	102,521	0	NO	NO	NO	NO	Non-Major
Governmental Funds Total	5,714,715	394,739	12,562,437	12,051,177					
10% of Governmental Funds Total	571,472	39,474	1,256,244	1,205,118					

Enterprise Funds	Assets	Liabilities	Revenues	Expenditures	Assets	Liab.	Rev.	Expend.	Major Fund?
80 Sewer Fund	42,344,914	3,031,556	7,552,390	6,019,219	YES	YES	YES	YES	Major
XX Enterprise Fund					NO	NO	NO	NO	Non-Major
Other Enterprise Fund					NO	NO	NO	NO	Non-Major
Enterprise Funds Total	42,344,914	3,031,556	7,552,390	6,019,219					
10% of Enterprise Funds	4,234,491	303,156	755,239	601,922					

Sum of Governmental and Enterprise Funds	48,059,629	3,426,295	20,114,827	18,070,396					
5% of Sum of Governmental and Enterprise Funds	2,402,981	171,315	1,005,741	903,520					

Note 1: To meet the qualification for "Major Fund" status under GASB Statement #34, *any given* fund element must exceed both the 5% and 10% thresholds. The General Fund and Sewer Fund will be considered major funds.

Note 2: A minimum number of funds should be maintained. Separate physical accounts do not require separate funds.

Note 3: Current year data must be used to make this determination.

Note 4: Does not include Revenues from Other Financing Sources or Other Expenditures and Financing Uses as part of the calculation for Major Fund determination.