

Springettsbury Township York, Pennsylvania

**Basic Financial Statements And
Supplemental Information**

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Springettsbury Township
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of, and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT - continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Springettsbury Township as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14, the budgetary comparison schedules on pages 57 through 59, the schedules of funding progress and employer contributions - police pension plan on page 60, schedule of changes in the Township's net pension liability on page 61 and the schedule of funding progress - OPEB on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

INDEPENDENT AUDITORS' REPORT - continued

Other Matters - continued

Other Information - continued

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

Stambaugh Ness, Inc.

York, Pennsylvania
August 16, 2018

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

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

The discussion and analysis of Springettsbury Township's financial performance that follows provides a general presentation of the Township's financial performance for the fiscal year ending December 31, 2017.

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

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

Readers can also review the Independent Auditors' Report, the statements, and the various notes to gain a more complete understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the Township are \$102,644,975. Of this amount \$62,121,517 represents the Township's business-type activities (sewer utility) and \$40,523,458 general governmental activities.
- The costs of all Township programs totaled \$25,143,962. These programs are specifically shown on page 17 of the financial statements.
- The General Fund Revenues were budgeted at \$13,469,893 and Actual Revenue was reported at \$13,814,302 for a positive variance of \$344,409.
- General Fund Expenditures were budgeted at \$14,359,496 and Actual Expenditures of \$13,639,913 for a positive variance of \$719,583.
- General Fund Other Financing Sources (Uses) were budgeted at (\$275,000). Actual results were (\$572,320), for a negative variance of (\$297,320).
- Total General Fund budget versus actual results were a positive \$766,672 variance.

Most of the Township's basic services are reported in the Governmental Funds Statement which focuses on how money flows into and out of those funds and the balances left at year end that are available for future spending. As reported on page 20 of the audit report, the primary operating fund and most significant fund, the General Fund, had a fund balance of \$4,494,281 on January 1, 2017 and ended on December 31, 2017 with a fund balance of \$4,096,350, a decrease of \$397,931. The total General Fund Revenues equaled \$13,814,302, Expenditures of \$13,639,913 and Other Financing Uses of (\$572,320).

The Statement of Net Position listed on pages 15 and 16 discloses that Total Current Assets for Governmental and Business Activities totals \$10,759,800 and Total Assets and Deferred Outflows of Resources at \$102,644,975. It also shows, Total Current Liabilities of \$3,225,327 and Total Liabilities and Deferred Inflows of Resources of \$31,196,765.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

FINANCIAL HIGHLIGHTS - continued

Fiduciary Funds

Net Position at December 31, 2017 for other restricted funds was as follows:

- Non Uniform Pension Fund \$10,125,507
- Police Pension Fund \$16,823,854
- Library Fund \$ 192,775
- Schenck Memorial Fund \$ 86,438

The Township's Escrow Fund had \$212,969 of cash and cash equivalents at December 31, 2017.

FINANCIAL STATEMENTS

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

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

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

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

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

FINANCIAL STATEMENTS - continued

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

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

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

MOST SIGNIFICANT FUNDS

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

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

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

THE TOWNSHIP AS TRUSTEE

Springettsbury Township as the local government entity is the trustee, or fiduciary, for the Police Pension and Non-Uniformed Pension fund; as well as a Private Purpose Trust Library Fund and the Schenck (Recreation) Trust as well as an Agency (Escrow) Fund. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and changes in Fiduciary Net Position as shown on pages 25 and 26. These statements are excluded from the Township's other financial statements because the Township cannot use these assets to support its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their specific stated purposes.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

THE TOWNSHIP OVERALL

For the year ending 2017, a comprehensive analysis of Government-wide financial information is being presented to compare 2016 and 2017 financial results.

Government-Wide Statements

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

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

The Township's combined net position for 2017 amounted to \$71,448,210. The net position for Business-type activities (sewer utility operations) amounted to \$43,012,801. The Township's unrestricted net position for governmental activities stood at (\$1,479,241).

For the year ended December 31, 2017, the governmental activities had program revenues of \$4,260,620; general revenues of \$10,721,363; expenses of \$15,980,328, resulting in a decrease in net position of \$998,345. The business activities had program revenues of \$8,826,173; general revenues of \$137,648; expenses of \$9,163,634, resulting in a decrease in net position of \$199,813.

	Primary Government 2016			Primary Government 2017		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 6,100,886	\$ 13,514,323	\$ 19,615,209	\$ 4,933,169	\$ 13,481,482	\$ 18,414,651
Capital Assets, Net	34,018,888	50,247,737	84,266,625	34,315,339	48,526,059	82,841,398
Deferred Outflows	1,068,630	125,470	1,194,100	1,274,950	113,976	1,388,926
Total Assets and Deferred Outflows	\$ 41,188,404	\$ 63,887,530	\$ 105,075,934	\$ 40,523,458	\$ 62,121,517	\$ 102,644,975
Current Liabilities	\$ 1,326,412	\$ 2,014,529	\$ 3,340,941	\$ 1,368,179	\$ 1,857,148	\$ 3,225,327
Other (Non-Current)	10,428,238	18,660,387	29,088,625	9,704,237	17,251,568	26,955,805
Deferred Inflows	-	-	-	1,015,633	-	1,015,633
Total Liabilities	11,754,650	20,674,916	32,429,566	12,088,049	19,108,716	31,196,765
Invested in Capital Assets	29,008,888	30,042,524	59,051,412	29,525,339	29,711,027	59,236,366
Restricted	332,866	6,999,018	7,331,884	389,311	7,654,851	8,044,162
Unrestricted	92,000	6,171,072	6,263,072	(1,479,241)	5,646,923	4,167,682
Total Net Position	29,433,754	43,212,614	72,646,368	28,435,409	43,012,801	71,448,210
Total Liabilities and Net Position	\$ 41,188,404	\$ 63,887,530	\$ 105,075,934	\$ 40,523,458	\$ 62,121,517	\$ 102,644,975

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

THE TOWNSHIP OVERALL - continued

Fund Level Financial Statements

Statement of Revenues and Expenditures and Changes in Fund Balance

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

Statement of Revenues and Expenditures and Changes in Fund Balance

	2016			2017			
	General Fund	Other Funds	Governmental Funds	General Fund	Other Funds	Governmental Funds	
Revenues:							
Real Estate Taxes and Penalties	\$ 2,199,857	\$ -	\$ 2,199,857	\$ 2,323,424	\$ -	\$ 2,323,424	
Other Taxes	7,949,055	-	7,949,055	7,964,426	87,237	8,051,663	
Intergovernmental Revenues	972,571	782,163	1,754,734	955,309	818,908	1,774,217	
Charges for Services	2,234,634	-	2,234,634	1,796,443	-	1,796,443	
Other	727,821	100,287	828,108	774,700	13,888	788,588	
Total Revenues	14,083,938	882,450	14,966,388	13,814,302	920,033	14,734,335	
Expenditures:							
General Government	1,483,108	-	1,483,108	1,173,385	-	1,173,385	
Public Safety	6,815,814	-	6,815,814	7,355,878	-	7,355,878	
Highways and Streets	1,031,935	967,176	1,999,111	933,851	1,767,814	2,701,665	
Culture and Recreation	630,033	304,898	934,931	717,397	449,793	1,167,190	
Debt Service	188,177	84,478	272,655	-	333,950	333,950	
Employee Benefits, Insurances and Other	3,343,888	-	3,343,888	3,459,402	-	3,459,402	
Total Expenditures	13,492,955	1,356,552	14,849,507	13,639,913	2,551,557	16,191,470	
Other Financing Uses:							
Interfund Transfers	-	-	-	(847,844)	847,844	-	
Refunds Expenditures/Revenues	379,689	-	379,689	275,524	-	275,524	
Sale of Capital Assets	21,686	-	21,686	-	-	-	
Refinancing of Long-term Debt	-	(3,765,000)	(3,765,000)	-	-	-	
Proceeds from Debt Financing	-	5,150,000	5,150,000	-	-	-	
Total Other Financing Uses	401,375	1,385,000	1,786,375	(572,320)	847,844	275,524	
Net Changes in Fund Balances	992,358	910,898	1,903,256	(397,931)	(783,680)	(1,181,611)	
Fund Balances:							
	January 1,	3,501,923	(498,216)	3,003,707	4,494,281	412,682	4,906,963
	December 31,	\$ 4,494,281	\$ 412,682	\$ 4,906,963	\$ 4,096,350	\$ (370,998)	\$ 3,725,352

GOVERNMENTAL FUNDS

The net change in the fund balance for the General Fund was a decrease of \$397,931. The actual General Fund balance for 2017 is \$4,096,350.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

BUSINESS-TYPE ACTIVITIES

Changes in Net Position

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

	December 31,		2016	2017
			<u>2016</u>	<u>2017</u>
Charges for Services		\$	4,698,517	\$ 4,668,212
Other			3,833,844	3,900,011
<u>Total Operating Revenues</u>			<u>8,532,361</u>	<u>8,568,223</u>
Operating Expenses:				
Cost of Services			5,492,007	5,343,172
Administration			325,000	325,000
Amortization and Depreciation			2,981,513	2,602,567
<u>Total Operating Expenses</u>			<u>8,798,520</u>	<u>8,270,739</u>
Operating Income (Loss)			(266,159)	297,484
Non Operating Revenues (Expenses):				
Tapping Fees			20,926	28,248
Investment Income			69,521	130,591
Bond Interest			(944,268)	(882,314)
Amortization			(10,581)	(10,581)
Gain or Loss on Sale of Assets			1,643	7,057
Build America Bonds - Interest Subsidy			240,632	229,702
<u>Total Non-Operating Revenues (Expenses)</u>			<u>(622,127)</u>	<u>(497,297)</u>
Change in Net Position			(888,286)	(199,813)
<u>Total Net Position- January 1</u>			<u>44,100,900</u>	<u>43,212,614</u>
<u>Total Net Position- December 31</u>			<u>\$43,212,614</u>	<u>\$43,012,801</u>

The change in net position for the Sewer Fund business-type activities was a decrease of \$199,813. Page 23 highlights these activities by specific numbers and analysis.

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

THE TOWNSHIP'S FUNDS

Governmental and Business-Type Funds

As of 2017 year end, the governmental funds (refer to page 18) reported a combined fund balance of \$3,725,352. For the proprietary business-type funds at year end, the business-type fund (Sewer Fund) reported the net position at \$43,012,801 (refer to page 23).

Capital Assets, Debt Administration and Pension Liability

Capital Assets

At the close of 2017, the Township had \$34,315,339 net invested in a broad range of capital assets. They include the Police Department Building, Public Works Facilities, Administration Building, Police and Public Works equipment, along with Park and Recreational land. More detail is shown in the notes to the financial statements as summarized on page 41.

The Sewer fund at the close of 2017 had net capital assets of \$48,526,059. These capital assets are summarized in the Notes to the Financial Statements and are shown on page 41.

Debt

At December 31, 2017, the Governmental long-term debt (bonds and notes) stood at \$4,790,000 and the sewer fund debt at \$18,743,000. See Note H in the Notes to the Financial Statements regarding Township debt paid and issued during 2017.

Pension Liability

The pension liability at December 31, 2017 was \$2,444,762. See Note I for further information regarding the Township's pension liability.

BUDGET AND ECONOMIC HIGHLIGHTS

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

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

SPRINGETTSBURY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2017

BUDGET AND ECONOMIC HIGHLIGHTS - continued

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

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

Increasing costs in the General Fund are due in large part to the rapidly growing costs of compliance with Federal and State mandates, contractual wage increases and investments in infrastructure construction, maintenance, repair and replacement.

The Township's 2018 budget was adopted prior to the adoption of a tax increase for the same year; therefore, the 2018 budget approved showed a use of fund balance, but after the tax increase was adopted that expected use of fund balance was no longer appropriate.

CONTACTING TOWNSHIP FINANCIAL MANAGEMENT

This financial report is designed to present to our residents, taxpayers, customers, investors and creditors a general overview of Township finances. Our effort is to demonstrate the Township's accountability for the monies it receives and expends. If you have any questions about this report or need additional information, please contact Benjamin Marchant, Township Manager, 1501 Mount Zion Road, York, Pennsylvania 17402 or by telephone at (717) 757-3521.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Authority
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,415,029	\$ 287,589	\$ 1,702,618	\$ 74,429
Investments	2,357,741	4,335,738	6,693,479	-
Taxes receivable, net	865,497	-	865,497	-
Internal balance	-	625,239	625,239	-
Accounts receivable	246,797	518,355	765,152	-
Other receivables	336	1,147	1,483	-
Prepaid expenses	47,769	58,563	106,332	-
Total Current Assets	4,933,169	5,826,631	10,759,800	74,429
NONCURRENT ASSETS				
Other Assets				
Restricted assets - cash and cash equivalents	-	536,849	536,849	-
Restricted assets - investments	-	7,118,002	7,118,002	-
Total Other Assets	-	7,654,851	7,654,851	-
Capital Assets				
Land and right of ways	4,414,547	1,826,785	6,241,332	-
Buildings	11,577,743	-	11,577,743	-
Improvements (other than buildings)	5,926,336	-	5,926,336	-
Machinery and equipment	3,009,961	32,007,271	35,017,232	-
Infrastructure assets	52,083,785	-	52,083,785	-
Collection lines	-	56,587,496	56,587,496	-
Treatment plant	-	4,081,263	4,081,263	-
Less accumulated depreciation	(42,697,033)	(45,976,756)	(88,673,789)	-
Total Capital Assets, Net	34,315,339	48,526,059	82,841,398	-
Total Noncurrent Assets	34,315,339	56,180,910	90,496,249	-
Total Assets	39,248,508	62,007,541	101,256,049	74,429
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts from pensions	1,274,950	-	1,274,950	-
Bond refinancing charges	-	113,976	113,976	-
Total deferred outflows of resources	1,274,950	113,976	1,388,926	-
Total assets and deferred outflows of resources	\$ 40,523,458	\$ 62,121,517	\$ 102,644,975	\$ 74,429

See accompanying notes.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Authority
LIABILITIES				
CURRENT LIABILITIES				
Internal balance	\$ 506,174	\$ -	\$ 506,174	\$ -
Accounts payable	189,408	301,058	490,466	-
Retainage payable	88,532	-	88,532	-
Current portion of long-term debt	220,000	1,419,400	1,639,400	-
Accrued salaries and wages	313,689	61,944	375,633	-
Payroll deductions and withholdings	18,687	-	18,687	-
Other current liabilities	31,689	74,746	106,435	335
Total current liabilities	1,368,179	1,857,148	3,225,327	335
NONCURRENT LIABILITIES				
Notes payable	-	6,158,000	6,158,000	-
Bonds payable	4,570,000	11,165,600	15,735,600	-
Bond discount (Net of accumulated amortization)	-	(72,032)	(72,032)	-
Pension liability	2,444,762	-	2,444,762	-
Other post-employment benefits liability	2,689,475	-	2,689,475	-
Total noncurrent liabilities	9,704,237	17,251,568	26,955,805	-
Total liabilities	11,072,416	19,108,716	30,181,132	335
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts from pensions	1,015,633	-	1,015,633	-
Total deferred inflows of resources	1,015,633	-	1,015,633	-
Total liabilities and deferred inflows of resources	12,088,049	19,108,716	31,196,765	-
NET POSITION				
Net investment in capital assets	29,525,339	29,711,027	59,236,366	-
Restricted for:				
Highways	389,311	-	389,311	-
Sewer capital	-	7,654,851	7,654,851	-
Unrestricted	(1,479,241)	5,646,923	4,167,682	74,094
Total net position	28,435,409	43,012,801	71,448,210	74,094
Total liabilities, deferred inflows of resources and net position	\$ 40,523,458	\$ 62,121,517	\$ 102,644,975	\$ 74,429

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Development
								Authority
Governmental Activities								
General government	\$ 1,158,562	\$ 688,704	\$ 94,719	\$ -	\$ (375,139)	\$ -	\$ (375,139)	\$ -
Public safety	7,616,721	1,687,086	108,196	-	(5,821,439)	-	(5,821,439)	-
Sanitation	-	-	62,367	-	62,367	-	62,367	-
Highways and streets	2,508,970	10,328	818,908	-	(1,679,734)	-	(1,679,734)	-
Culture and recreation	1,122,723	179,795	2,015	62,500	(878,413)	-	(878,413)	-
Employee benefits, insurance and other	3,459,402	-	546,002	-	(2,913,400)	-	(2,913,400)	-
Debt service	113,950	-	-	-	(113,950)	-	(113,950)	-
Total governmental activities	15,980,328	2,565,913	1,632,207	62,500	(11,719,708)	-	(11,719,708)	-
BUSINESS-TYPE ACTIVITIES								
Sewer	9,163,634	8,596,471	-	229,702	-	(337,461)	(337,461)	-
Total primary government	\$ 25,143,962	\$ 11,162,384	\$ 1,632,207	\$ 292,202	(11,719,708)	(337,461)	(12,057,169)	-
COMPONENT UNIT								
Springettsbury Township Development Authority	\$ 5,598	\$ -	\$ -	\$ -	-	-	-	-
Total Component Unit	\$ 5,598	\$ -	\$ -	\$ -	-	-	-	-
GENERAL REVENUES								
Property taxes, levied for general purposes, net					2,295,551	-	2,295,551	-
Other taxes and franchise fees levied for specific purposes, net					8,051,660	-	8,051,660	-
Investment earnings					49,703	130,591	180,294	499
Miscellaneous income					48,925	-	48,925	-
Sale of capital assets					-	7,057	7,057	-
Refunds of prior year expenditures					275,524	-	275,524	-
Total General Revenues					10,721,363	137,648	10,859,011	499
Change in Net Position					(998,345)	(199,813)	(1,198,158)	(5,099)
NET POSITION - January 1, 2017 (originally stated)					28,831,741	43,212,614	72,044,355	79,193
Prior period adjustment (see Note O)					602,013	-	602,013	-
NET POSITION - January 1, 2017 (restated)					29,433,754	43,212,614	72,646,368	79,193
NET POSITION - December 31, 2017					\$ 28,435,409	\$ 43,012,801	\$ 71,448,210	\$ 74,094

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

ASSETS

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Funds	Non-major Funds	
ASSETS				
Cash and cash equivalents	\$ 825,829	\$ 64,754	\$ 524,446	\$ 1,415,029
Investments	2,202,543	142,567	12,631	2,357,741
Taxes receivable, net	835,678	-	-	835,678
Due from other funds	508,669	4,425	-	513,094
Accounts receivable	246,797	-	-	246,797
Due from other governments	336	-	-	336
Prepaid expenditures	47,769	-	-	47,769
Total Assets	\$ 4,667,621	\$ 211,746	\$ 537,077	\$ 5,416,444

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Due to other funds	\$ 4,425	\$ 1,013,995	\$ 848	\$ 1,019,268
Accounts payable	172,962	-	16,446	189,408
Retainage payable	-	88,532	-	88,532
Accrued salaries and wages	313,689	-	-	313,689
Payroll deductions and withholdings	18,687	-	-	18,687
Other liabilities	31,689	-	-	31,689
Total Liabilities	541,452	1,102,527	17,294	1,661,273

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	29,819	-	-	29,819
Total Deferred Inflows of Resources	29,819	-	-	29,819

FUND BALANCES (Deficit)

Nonspendable	47,769	-	-	47,769
Restricted	-	101,518	389,311	490,829
Assigned	-	-	130,472	130,472
Unassigned	4,048,581	(992,299)	-	3,056,282
Total fund balances (deficit)	4,096,350	(890,781)	519,783	3,725,352
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,667,621	\$ 211,746	\$ 537,077	\$ 5,416,444

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,725,352
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred outflows related to the Township's pension liability are not current financial resources and, therefore, are not reported in the governmental funds.	1,274,950
Deferred inflows related to the Township's pension liability are not current financial resources and, therefore, are not reported in the governmental funds.	(1,015,633)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$77,012,372 and the accumulated depreciation is \$42,697,033.	34,315,339
Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds, net of allowance.	59,638
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds/notes payable	(4,790,000)
Pension liability	(2,444,762)
Other post-employment benefits	(2,689,475)
	<u>(9,924,237)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 28,435,409</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Non- Major Funds	
REVENUES				
Real estate taxes and penalties	\$ 2,323,424	\$ -	\$ -	\$ 2,323,424
Other taxes	7,964,426	-	87,237	8,051,663
Licenses and permits	474,053	-	-	474,053
Fines and forfeits	188,892	-	-	188,892
Interest, rents and royalties	37,830	7,092	4,781	49,703
Intergovernmental revenues	955,309	-	818,908	1,774,217
Charges for services	1,796,443	-	-	1,796,443
Miscellaneous	48,925	-	-	48,925
Contributions from private sources	25,000	-	2,015	27,015
Total revenues	13,814,302	7,092	912,941	14,734,335
EXPENDITURES				
General government	1,173,385	-	-	1,173,385
Public safety	7,355,878	-	-	7,355,878
Highways and streets	933,851	902,302	865,512	2,701,665
Culture and recreation	717,397	445,777	4,016	1,167,190
Debt service	-	333,950	-	333,950
Employee benefits, insurance and other	3,459,402	-	-	3,459,402
Total expenditures	13,639,913	1,682,029	869,528	16,191,470
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	174,389	(1,674,937)	43,413	(1,457,135)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(847,844)	729,144	118,700	-
Refunds of prior years expenditures	275,524	-	-	275,524
Total other financing sources (uses)	(572,320)	729,144	118,700	275,524
NET CHANGE IN FUND BALANCES	(397,931)	(945,793)	162,113	(1,181,611)
FUND BALANCE - January 1, 2017	4,494,281	55,012	357,670	4,906,963
FUND BALANCE - December 31, 2017 (Deficit)	\$ 4,096,350	\$ (890,781)	\$ 519,783	\$ 3,725,352

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2017

**TOTAL NET CHANGE IN FUND BALANCES -
 GOVERNMENTAL FUNDS** \$(1,181,611)

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

Capital outlays are reported in governmental funds as
 expenditures. However, in the statement of activities, the cost
 of these assets is allocated to expenses over their estimated
 useful lives as depreciation expense.

Depreciation expense	(1,346,822)	
Capital outlays	<u>1,643,274</u>	296,452

Because some property taxes will not be collected for
 several months after the Township's fiscal year ends, they are not
 considered as "available" revenues in the governmental funds.
 Deferred tax revenues decreased by this amount this year. (27,669)

Repayment of bonds/notes principal is an expenditure
 in the governmental funds, but the repayment reduces
 long-term liabilities in the statement of net position. 220,000

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

Decrease in net pension liability		742,384
Increase in deferred outflows related to pension		206,320
Increase in deferred inflows related to pension		(1,015,633)

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

Change in net position of governmental activities \$ (998,345)

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF NET POSITION -
PROPRIETARY FUND
DECEMBER 31, 2017

	Business-Type Activities Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 287,589
Investments	4,335,738
Due from other funds	686,635
Accounts receivable	518,355
Other receivables	1,147
Prepaid expenses	58,563
Total current assets	5,888,027
NONCURRENT ASSETS	
OTHER ASSETS	
Restricted assets - cash	536,849
Restricted assets - investments	7,118,002
Total other assets	7,654,851
CAPITAL ASSETS	
Land and right of ways	1,826,785
Machinery and equipment	32,007,271
Collection lines	56,587,496
Treatment plant	4,081,263
Less accumulated depreciation	(45,976,756)
Total capital assets, net	48,526,059
Total noncurrent assets	56,180,910
TOTAL ASSETS	62,068,937
DEFERRED OUTFLOWS OF RESOURCES	
Bond refinancing charges	113,976
Total assets and deferred outflows of resources	\$ 62,182,913
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 301,058
Accrued salaries and wages	61,944
Other accrued liabilities	74,746
Due to other funds	61,396
Current portion of long-term debt	1,419,400
Total current liabilities	1,918,544
NONCURRENT LIABILITIES	
Bonds and notes payable, net of current portion	17,323,600
Bond discount, net of accumulated amortization	(72,032)
Total noncurrent liabilities	17,251,568
Total Liabilities	19,170,112
NET POSITION	
Net investment in capital assets	29,711,027
Restricted	7,654,851
Unrestricted	5,646,923
Total net position	43,012,801
Total liabilities and net position	\$ 62,182,913

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 4,668,212
Charges for services - intergovernmental	3,860,045
Refund of prior year expenses	39,966
	8,568,223
OPERATING EXPENSES	
Cost of services	5,343,172
Administration	325,000
Depreciation	2,602,567
	8,270,739
	297,484
OPERATING INCOME	
NONOPERATING REVENUES (EXPENSES)	
Tapping fees	28,248
Investment income	130,591
Interest expense	(882,314)
Amortization	(10,581)
Net gain on sale of capital assets	7,057
Federal Build America Bonds - interest subsidy	229,702
Transfer to capital projects fund	-
	(497,297)
CHANGE IN NET POSITION	(199,813)
NET POSITION - JANUARY 1 , 2017	43,212,614
NET POSITION - DECEMBER 31, 2017	\$ 43,012,801

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 8,605,086
Cash payments to employees for services	(2,106,216)
Cash payments to suppliers for goods and services	(3,708,579)
	2,790,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvement of capital assets	(891,159)
Transfer to capital projects fund	-
Tapping fees received	28,248
Principal payments	(1,379,600)
Proceeds from sale of capital assets	7,057
Debt interest payments	(893,850)
Federal interest subsidy	229,702
	(2,899,602)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	207,875
Purchase of investments	(189,169)
	18,706
Net cash from investing activities	18,706
Net change in cash and cash equivalents	(90,605)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	378,194
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 287,589
Operating income	\$ 297,484
Adjustment to reconcile operating income to net cash from operating activities:	
Depreciation	2,602,567
Decrease in accounts receivable	34,012
Increase in prepaid expenses	(33,875)
Decrease in accounts payable	(186,371)
Increase in accrued salaries and benefits	726
Decrease in due from other funds	18,000
Increase in due to other funds	57,748
	2,492,807
Total adjustment	2,492,807
Net cash from operating activities	\$ 2,790,291

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

	Pension Funds		Private Purpose Trust Funds		Agency Fund
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund	Escrow Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,105,830	\$ 4,858	\$ 18,996	\$ 212,969
Investments	10,125,507	15,718,024	187,917	67,442	-
Total assets	<u>\$ 10,125,507</u>	<u>\$ 16,823,854</u>	<u>\$ 192,775</u>	<u>\$ 86,438</u>	<u>\$ 212,969</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	119,065
Due to developers	-	-	-	-	93,904
Total liabilities	-	-	-	-	212,969
NET POSITION					
Restricted for:					
Pension benefits	10,125,507	16,823,854	-	-	-
Other purposes	-	-	192,775	86,438	-
Total net position	<u>10,125,507</u>	<u>16,823,854</u>	<u>192,775</u>	<u>86,438</u>	<u>-</u>
Total liabilities and net position	<u>\$ 10,125,507</u>	<u>\$ 16,823,854</u>	<u>\$ 192,775</u>	<u>\$ 86,438</u>	<u>\$ 212,969</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2017

	Pension Trust		Private Purpose Trust Fund	
	Non-Uniform Pension Fund	Police Pension Fund	Library Fund	Schenck Trust Fund
ADDITIONS				
State Contributions - Act 205	\$ -	\$ 546,002	\$ -	\$ -
Municipal contributions	285,098	182,357	-	-
Employee contributions	59,354	135,182	-	-
Miscellaneous income	-	368	-	-
Investment income	1,170,674	1,995,217	2,775	932
Total additions	1,515,126	2,859,126	2,775	932
DEDUCTIONS				
Distributions and benefit payments	320,179	834,825	-	-
Miscellaneous expenses	219	64,822	-	-
Contribution to libraries	-	-	2,840	-
Total deductions	320,398	899,647	2,840	-
Changes in net position	1,194,728	1,959,479	(65)	932
Net position - January 1, 2017	8,930,779	14,864,375	192,840	85,506
Net position - December 31, 2017	<u>\$ 10,125,507</u>	<u>\$ 16,823,854</u>	<u>\$ 192,775</u>	<u>\$ 86,438</u>

See accompanying notes.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Discretely Presented Component Unit

The Township has one component unit: the Springettsbury Township Development Authority, which has been reported in the component unit's column.

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

Joint Venture

Springettsbury Township and Spring Garden Township created York Area United Fire and Rescue (YAUFR), a joint venture, in 2008. Springettsbury Township funds 60% and Spring Garden Township funds 40% of operating costs for fire services. The joint venture is not a component unit of Springettsbury Township. Audited financial statements for YAUFR are available at the Fire Company's office located at 50 Commons Drive, York, Pennsylvania 17402. As of January 1, 2018, Manchester Township joined YAUFR. Manchester Township will fund 38%, Springettsbury Township will fund 37% and Spring Garden Township will fund 25% of operating costs for fire services.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

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

Basis of Presentation

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund include sewer treatment and transportation from cost sharing by the Township and other user municipalities. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

The Township reports the following major governmental funds:

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

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

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

Additionally, the Township reports the following Nonmajor governmental funds:

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

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

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

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

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement of Focus and Basis of Accounting

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

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

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

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

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

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end would be reported as assigned fund balances. As of December 31, 2017, the Township had no encumbrances.

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

Cash, Cash Equivalents and Investments

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

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

Prepaid Expenses

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

Restricted Assets

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

Receivables and Payables

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets

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

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

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

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

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

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

Estimates

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government-wide and Proprietary Fund Net Position

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

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

Fund Balance Policy

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

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

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

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

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

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

Committed Fund Balance Policy

The Township's committed fund balance are amounts required to be reported by the Board of Supervisors, either because of Township Policy or because of motions that passed at Board of Supervisor meetings. As of December 31, 2017, the Township did not have any committed fund balances.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance Policy - continued

Minimum Fund Balance

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

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

Interfund Transactions

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

Memorandum Only Columns

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

NOTE B - DEPOSITS AND INVESTMENTS

Governmental and Business-Type Activities

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE B - DEPOSITS AND INVESTMENTS - continued

Governmental and Business-Type Activities - continued

Cash and Cash Equivalents

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a policy for custodial credit risk. As of December 31, 2017, none of the Township's bank balance of \$2,992,876 was exposed to custodial credit risk:

Covered by Federal Depository Insurance (FDIC)	\$ 538,467
Covered by Securities Investor Protection Corporation (SIPC)	250,000
Secured by pooled collateral as permitted by Act 72 of the Commonwealth of Pennsylvania	<u>2,204,409</u>
Total - bank balances	<u>\$ 2,992,876</u>

Reconciliation to Financial Statements

Bank balance, above	\$ 2,992,876
Less: outstanding checks	<u>(754,509)</u>
Carrying amount - book balances	2,238,367
Petty cash	<u>1,100</u>
Total cash per financial statements	<u>\$ 2,239,467</u>

Investments

As of December 31, 2017, the Township had the following investments:

<u>Investments</u>	<u>Maturity Term Range</u>	<u>Fair Value</u>
Certificates of Deposit	1 - 20 years	\$13,811,481

Interest Rate Risk

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE B - DEPOSITS AND INVESTMENTS - continued

Governmental and Business-Type Activities - continued

Credit Risk

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

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2017, all of the Township's investments were covered by SIPC and Act 72.

Concentration of Credit Risk - Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
Morgan Stanley	\$ 14,307,281	85.14%
York Traditions Bank	1,799,587	10.71%
Fulton Bank	615,682	3.66%
PLGIT	41,049	0.25%
BB&T	<u>40,758</u>	<u>0.24%</u>
	<u>\$ 16,804,357</u>	<u>100.00%</u>

Trust and Agency Funds

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of December 31, 2017, none of the Township's trust and agency funds bank balances of \$1,342,653 were exposed to custodial risk. These funds are covered by either FDIC, SIPC or Act 72.

Credit Risk

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE B - DEPOSITS AND INVESTMENTS - continued

Trust and Agency Funds - continued

Investments

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

The Township's trust and agency funds had investments as of December 31, 2017 as follows:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ICMA Retirement Corporation				
Stable Value/Cash Management	\$ 2,171,429	\$ -	\$ -	\$ 2,171,429
Bonds	259,494	-	-	259,494
Balanced/Asset Allocation	4,424,392	-	-	4,424,392
U.S. Stock	2,856,680	-	-	2,856,680
International/Global Stock	316,803	-	-	316,803
Specialty	-	96,709	-	96,709
FNB Wealth Management				
Common Stocks	1,644,936	-	-	1,644,936
Equity Funds	6,975,664	-	-	6,975,664
Fixed Income	7,097,424	-	-	7,097,424
Morgan Stanley				
Certificates of deposit	-	255,359	-	255,359
	<u>\$25,746,822</u>	<u>\$352,068</u>	<u>\$ -</u>	<u>\$26,098,890</u>

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE B - DEPOSITS AND INVESTMENTS - continued

Trust and Agency Funds - continued

Investments - continued

Concentration of Credit Risk - Deposits and Investments

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

<u>Financial Institution</u>	<u>Deposits and/or Investments</u>	<u>Concentration Percentage</u>
FNB Wealth Management	\$ 16,823,854	61.30%
ICMA Retirement Corp	10,125,507	36.90%
Morgan Stanley	279,213	1.02%
First National Bank	<u>212,969</u>	<u>0.78%</u>
	<u>\$ 27,441,543</u>	<u>100.00%</u>

NOTE C - RESTRICTED ASSETS- PROPRIETARY FUND

Capital Improvement Reserve - Sewer - cash	\$ 536,849
Capital Improvement Reserve - Sewer - investments	<u>7,118,002</u>
Total restricted assets	<u>\$ 7,654,851</u>

The capital improvement reserve consists of investments reserved in accordance with an intermunicipal agreement for capital necessary for the purchase and/or replacement of capital assets associated with the operations of Springettsbury Township Waste Water Treatment Plant. The capital improvement reserve is accumulated from a depreciation charge to the connecting municipalities along with a 5% surcharge on transportation, shared pumping station expenses and debt service costs.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE D - PROPERTY AND SPECIAL ASSESSMENT TAXES

Based upon assessed valuations provided by the County, property taxes are collected by the elected tax collector. Springgettsbury Township's tax rate for the year ended December 31, 2017 was 1.10 mills (\$1.10 per \$1,000 assessed valuation). The Township levies assessments for street light usage to various areas of the Township. The assessments are based on a flat rate and are collected by the elected tax collector.

The schedule of property taxes and special assessment taxes levied for 2017 was as follows:

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

Springgettsbury Township, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance is unavailable revenue. The balances at December 31, 2017 are as follows:

	<u>Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unavailable Revenue Taxes</u>
Earned income	\$664,395	\$664,395	\$ -
Local services	129,323	129,323	-
Real estate	51,847	22,028	29,819
Mercantile and business privilege	<u>19,932</u>	<u>19,932</u>	<u>-</u>
	<u>\$865,497</u>	<u>\$835,678</u>	<u>\$29,819</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E - CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Business-type Activities as of December 31, 2017, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 1,826,785	\$ -	\$ -	\$ 1,826,785
Collection Lines	31,505,080	519,046	(16,855)	32,007,271
Treatment Plant	56,331,752	302,744	(47,000)	56,587,496
Machinery and Equipment	4,034,182	69,780	(22,699)	4,081,263
Total Capital Assets	93,697,799	891,570	(86,554)	94,502,815
Less: Accumulated Depreciation				
Collection Lines	12,933,887	695,549	(6,174)	13,623,262
Treatment Plant	27,226,958	1,901,066	(47,000)	29,081,024
Machinery and Equipment	3,289,217	5,952	(22,699)	3,272,470
Total Accumulated Depreciation	43,450,062	2,602,567	(75,873)	45,976,756
Total Capital Assets (Business-Type Activities), Net	\$ 50,247,737	\$ (1,710,997)	\$ (10,681)	\$ 48,526,059

A summary of capital assets of the Governmental Activities as of December 31, 2017, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land and Right of Ways	\$ 4,414,547	\$ -	\$ -	\$ 4,414,547
Buildings	11,577,743	-	-	11,577,743
Improvements (Other than Buildings)	5,180,560	745,776	-	5,926,336
Machinery and Equipment	2,538,526	471,435	-	3,009,961
Infrastructure	51,657,722	426,063	-	52,083,785
Total Capital Assets	75,369,098	1,643,274	-	77,012,372
Less: Accumulated Depreciation				
Buildings	3,776,097	283,801	-	4,059,898
Improvements (Other than Buildings)	2,481,875	218,189	-	2,700,064
Machinery and Equipment	1,880,500	150,845	-	2,031,345
Infrastructure	33,211,739	693,987	-	33,905,726
Total Accumulated Depreciation	41,350,211	1,346,822	-	42,697,033
Total Capital Assets (Governmental Activities), Net	\$34,018,887	\$ 296,452	\$ -	\$34,315,339

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E - CHANGES IN CAPITAL ASSETS - continued

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

Governmental activities:	
General government	\$ 67,340
Public safety	202,024
Highways and streets	875,434
Culture and recreation	<u>202,024</u>
 Total depreciation expense - governmental activities	 <u>\$1,346,822</u>
 Business-type activities:	
Sewer	<u>\$2,602,567</u>

NOTE F - RESTRICTED NET POSITION

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

NOTE G - FUND BALANCE

Restricted Fund Balance

The Township's restricted fund balances are amounts restricted by outside parties. As of December 31, 2017, the Township's restricted fund balance was \$490,829; of which \$389,311 was restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes and \$101,518 was restricted for future capital purposes.

Deficit Fund Balance

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Balance as of January 1, 2017	\$ 5,010,000	\$ 20,122,600
Additional borrowings	-	-
Principal retirements	<u>220,000</u>	<u>1,379,600</u>
Balance as of December 31, 2017	<u>\$ 4,790,000</u>	<u>\$ 18,743,000</u>

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

General Obligation Bonds 2010 - Series A

On March 1, 2010, the Township issued general obligation bonds in the amount of \$18,175,000. The proceeds of the Series A bonds were to finance sewer system improvements and to pay the costs and expenses related to the issuance of the Series A Bonds. The bonds bear interest rates ranging from 1.30% to 5.92% with principal maturities from November 2011 through November 2029. The balance outstanding at December 31, 2017 was \$12,585,000.

The Series A Bond qualifies as a Build America Bonds under the American Recovery and Reinvestment Act of 2009. The Township is eligible to receive a cash subsidy from the United States Treasury equal to 35% of the interest paid on the Series A Bonds. The Township received a cash subsidy of \$229,702 in 2017.

General Obligation Note, Series of 2014

On November 18, 2014, the Township issued general obligation notes in the amount of \$7,403,500. The proceeds of the note were to advance refund the General Obligations Bonds, Series AA of 2010, and pay the costs of issuing the note. The note bears a fixed rate of interest of 2.67% per annum and is schedule to mature in November 2027. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$326,560 and resulted in an economic gain of \$320,008. The balance outstanding at December 31, 2017 was \$6,158,000.

General Obligation Bond, Series of 2016

On May 31, 2016, the Township issued a general obligation bond in the amount of \$5,150,000. The proceeds of the bond were to refinance the General Obligation Note, Series of 2015, to pay the costs of issuing the bond, and for capital projects. The bond bears a fixed rate of interest of 2.35% per annum and is schedule to mature in June 2035. The balance outstanding at December 31, 2017 was \$4,790,000.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2017 are as follows:

Enterprise Fund

Year Ended December 31,	General Obligation Bond 2010, Series A			General Obligation Note 2014		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 875,000	\$ 433,545	\$ 1,308,545	\$ 544,400	\$ 164,418	\$ 708,818
2019	900,000	406,871	1,306,871	558,400	149,884	708,284
2020	925,000	379,435	1,304,435	576,800	134,974	711,774
2021	955,000	349,733	1,304,733	588,600	119,574	708,174
2022	990,000	319,068	1,309,068	605,300	103,858	709,158
2023-2027	5,465,000	1,074,722	6,539,722	3,284,500	283,684	3,568,184
2028-2029	2,475,000	142,933	2,617,933	-	-	-
	<u>\$ 12,585,000</u>	<u>\$ 3,106,307</u>	<u>\$ 15,691,307</u>	<u>\$ 6,158,000</u>	<u>\$ 956,392</u>	<u>\$ 7,114,392</u>

Governmental Funds

Year Ended December 31,	General Obligation Bond 2016		
	Principal	Interest	Total
2018	\$ 220,000	\$ 112,190	\$ 332,190
2019	225,000	105,590	330,590
2020	230,000	101,090	331,090
2021	235,000	96,490	331,490
2022	240,000	96,490	336,490
2023-2027	1,275,000	409,950	1,684,950
2028-2032	1,420,000	269,980	1,689,980
2033-2035	945,000	82,030	1,027,030
	<u>\$ 4,790,000</u>	<u>\$ 1,273,810</u>	<u>\$ 6,063,810</u>

Bond Refinancing Charges

In the event that advance refunding of debt results in a defeasance, full accrual basis of accounting requires that the amounts deposited in escrow in excess of the net carrying amount of the old debt are to be amortized over the life of the old debt or the life of the new debt, whichever is shorter. The amortization of this charge will be recognized as a component of interest expense. The Township has one bond refinancing charge that is amortizing, utilizing the straight-line method, with amortization through 2027. For the year ended December 31, 2017, the Township amortized \$11,494 as a component of interest expense.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE I - PENSION PLANS

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

POLICE PENSION PLAN

Plan Description

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

Eligibility Requirements and Benefits Descriptions

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

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

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

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

Contributions and Funding Policy

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

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE I - PENSION PLANS - continued

POLICE PENSION PLAN - continued

Plan Membership

Membership of the plan as of December 31, 2017 consisted of:

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

Net Pension Liability

The net pension liability was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	5.00%	(average, including inflation)
Investment rate of return	7.25%	(including inflation)
Postretirement cost of living increase	3.00%	

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE I - PENSION PLANS - continued

POLICE PENSION PLAN - continued

Actuarial Assumptions - continued

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/16	\$ 18,059,771	\$ 14,872,625	\$ 3,187,146
Service Cost	478,648	-	478,648
Interest Cost	1,331,002	-	1,331,002
Changes for Experience	(369,444)	-	(369,444)
Changes for Assumptions	611,087	-	611,087
Contributions - employer	-	728,359	(728,359)
Contributions - member	-	135,121	(135,121)
Net Investment Income	-	1,943,977	(1,943,977)
Benefit Payments, including refunds of member contributions	(842,816)	(842,816)	-
Administrative Expense	-	(13,780)	13,780
Net Changes	1,208,477	1,950,861	(742,384)
Balances at 12/31/17	<u>\$ 19,268,248</u>	<u>\$ 16,823,486</u>	<u>\$ 2,444,762</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE I - PENSION PLANS - continued

POLICE PENSION PLAN - continued

Changes in Net Pension Liability

Deferred outflows of resources for the governmental funds at December 31, 2017 were \$1,274,950, which represents contributions subsequent to the measurement date. Deferred inflows of resources for the governmental funds at December 31, 2017 were \$1,015,633, which represents receipts subsequent to the measurement date.

The difference between projected and actual investment earnings was \$(865,462) and will be recognized over five years, the difference due to changes in assumptions was \$611,087 and the difference between expected and actual experience was \$(369,444), both will be recognized over eight years. All differences are accumulated with prior year differences. These differences will be recognized as follows:

Years ended December 31:

2017	\$ 185,494
2018	185,494
2019	185,494
2020	185,494
2021	(59,399)
2022	30,205
2023	30,205
2024	<u>30,205</u>
 Total	 <u>\$ 773,192</u>

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's Net Pension Liability	<u>\$ 5,033,442</u>	<u>\$ 2,444,762</u>	<u>\$ 294,964</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE I - PENSION PLANS - continued

POLICE PENSION PLAN - continued

NON-UNIFORMED PENSION PLAN

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

Non-uniformed employees over the age of 21 are eligible to participate after 6 months of service. A participant is eligible for normal retirement after attainment of age 59.5. Participants become 20% vested in the Township's contributions after three years of employment. An additional 20% is vested for each additional year of employment. A participant becomes fully vested after seven years of employment. Each participant is required to contribute 2% of gross pay. Employer contributions equal 9.0% of employee's gross pay for non-teamster members, and 9.5% for employees that are teamster members. For the year ended December 31, 2017, the Township contributed \$285,098 to the Non-Uniformed Pension Plan.

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

Plan Description

The Township has implemented Governmental Accounting Standards Board Statement No.45, "Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits provided by the Township.

The Township's post-employment healthcare plan is a single-employer defined benefit healthcare plan. The Township provides certain health care benefits to retired police and certain retired fire employees as required by union contracts. Medical (until age 65), dental, vision and prescription benefits require 50% co-pay by the retiree. The cost of retiree's retirement benefit is recognized as an expenditure at the time premiums are paid. Types of OPEB provided are governed by the respective Collective Bargaining Agreements of the police and the firefighters. The Township has not established a separate OPEB Plan Fund and is on the pay-as-you-go basis. The defined benefits OPEB plan is included in the Township's basis financial statements.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

Plan Description - continued

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

POLICE OFFICERS

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

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

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

Actuarial Methods and Assumptions

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

PAID FIREMEN

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

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

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

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

Actuarial Methods and Assumptions

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

PAID FIREMEN - continued

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>Police Officers</u>	<u>Paid Firemen</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 397,543	\$ 16,017	\$ 413,560
Interest on Net OPEB Obligation	104,662	5,637	110,299
Adjustment to ARC	<u>(142,786)</u>	<u>(7,690)</u>	<u>(150,476)</u>
Annual OPEB Cost (Expense)	359,419	13,964	373,383
Contributions Made (Estimated)	<u>(123,757)</u>	<u>(11,243)</u>	<u>(135,000)</u>
Increase (Decrease) in Net OPEB Obligation	235,662	2,721	238,383
Net OPEB Obligation - Beginning of Year	<u>2,325,829</u>	<u>125,263</u>	<u>2,451,092</u>
Net OPEB Obligation - End of Year	<u>\$ 2,561,491</u>	<u>\$ 127,984</u>	<u>\$2,689,475</u>

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

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE L - DUE TO/FROM OTHER FUNDS

The interfund receivables and payables balances at December 31, 2017 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 508,669	\$ 4,425
Capital Improvements Fund	4,425	1,013,995
Recreation Fund	-	848
Enterprise Fund	686,635	61,396
Escrow Fund	-	119,065
	<u>\$1,199,729</u>	<u>\$1,199,729</u>

NOTE M - CONTINGENCIES

Litigation

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

Grant Programs

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

Health Insurance

The Township is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by Highmark Blue Shield. During the year ended December 31, 2015, the Township remitted their contracted monthly amount to IIC who pays the funds directly to Highmark Blue Shield. Under the shared pooling agreement with IIC, the Township's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. The Township was limited to liability for 2017 claims to \$50,000 individually and approximately \$1,120,000 in the aggregate.

Employee contributions are recorded as reimbursements in the respective funds. Township contributions for monthly claims liability are shown in the General and Sewer funds for the year ended December 31, 2017. As of December 31, 2017, there are no additional assessments relating to the health plan.

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE M - CONTINGENCIES - continued

Workers' Compensation

The Township participates in the Susquehanna Municipal Trust, which is a cooperative voluntary trust arrangement for 66 member municipalities. This agreement states that the Township pays an annual premium to the Trust for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and re-insurance thereof.

It is the intent of the members of the Trust that the Trust will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. The Trust is limited in liability up to \$1,000,000 for a claim over its life. As of December 31, 2017, the Township is not aware of any additional assessments relating to the Trust.

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous year. During the year ended December 31, 2017, no settlements exceeded insurance coverage.

NOTE N - COMMITMENTS

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

Minimum payments to the City of York under this agreement are as follows:

	4.8 MGD Capacity	Lease Rental Plant	Total
2018	\$ 230,000	\$ 601,000	\$ 831,000
2019	230,000	76,000	306,000
2020	230,000	76,000	306,000
2021	230,000	76,000	306,000
2022	30,000	76,000	106,000
2023-2024	60,000	-	60,000
	<u>\$1,010,000</u>	<u>\$ 905,000</u>	<u>\$1,915,000</u>

SPRINGETTSBURY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE O - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the beginning 2017 balances related to the Governmental Activities capital assets due to an error in the prior year supporting schedules and calculations. This prior period adjustment resulted in an increase in Machinery and Equipment of \$30,254, a decrease in Machinery and Equipment - Accumulated Depreciation of \$571,759 and an overall increase in the January 1, 2017 Net Position of \$602,013.

NOTE P - SUBSEQUENT EVENTS

The Township signed a lease agreement in 2017 regarding moving various fleet vehicles to leased vehicles over the next several years. One vehicle was received in April 2018 with payments of \$524 over 60 months and the second was received in June 2018, with monthly payments of \$546 over 60 months.

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

REQUIRED SUPPLEMENTARY INFORMATION

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes and penalties	\$ 2,282,000	\$ 2,282,000	\$ 2,323,424	\$ 41,424
Other taxes	7,635,000	7,635,000	7,964,426	329,426
Licenses and permits	438,000	438,000	474,053	36,053
Fines and forfeits	213,000	213,000	188,892	(24,108)
Interest, rents, and royalties	13,000	13,000	37,830	24,830
Intergovernmental revenues	933,590	933,590	955,309	21,719
Charges for services	1,895,430	1,895,430	1,796,443	(98,987)
Miscellaneous	59,873	59,873	48,925	(10,948)
Contributions from private sources	-	-	25,000	25,000
Total revenues	13,469,893	13,469,893	13,814,302	344,409
EXPENDITURES				
General government	2,270,512	2,270,512	1,173,385	1,097,127
Public safety	8,687,920	8,687,920	7,355,878	1,332,042
Highways and streets	1,472,894	1,472,894	933,851	539,043
Culture and recreation	945,121	945,121	717,397	227,724
Debt service	265,000	265,000	-	265,000
Employee benefits, insurance and other	718,049	718,049	3,459,402	(2,741,353)
Total expenditures	14,359,496	14,359,496	13,639,913	719,583
Excess of revenues over expenditures	(889,603)	(889,603)	174,389	1,063,992
OTHER FINANCING SOURCES (USES)				
Transfers out	(310,000)	(310,000)	(847,844)	(537,844)
Refund of prior year revenues	35,000	35,000	275,524	240,524
Total other financing sources (uses)	(275,000)	(275,000)	(572,320)	(297,320)
Changes in fund balance	(1,164,603)	(1,164,603)	(397,931)	766,672
Fund balances - January 1, 2017	4,366,904	4,366,904	4,494,281	127,377
Fund balances - December 31, 2017	\$ 3,202,301	\$ 3,202,301	\$ 4,096,350	\$ 894,049

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2017

	Capital Improvement Fund		Storm Water Reserve Fund	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Interest, rents and royalties	\$ 8,000	\$ 6,407	\$ 125	\$ 685
Total revenues	<u>8,000</u>	<u>6,407</u>	<u>125</u>	<u>685</u>
EXPENDITURES				
Highways and streets	1,248,070	902,302	-	-
Culture and recreation	210,000	445,777	-	-
Other public works	-	-	125	-
Debt service	<u>220,000</u>	<u>333,950</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,678,070</u>	<u>1,682,029</u>	<u>125</u>	<u>-</u>
(Deficiency) of revenues over expenditures	<u>(1,670,070)</u>	<u>(1,675,622)</u>	<u>-</u>	<u>685</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>310,000</u>	<u>729,144</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>310,000</u>	<u>729,144</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,360,070)	(946,478)	-	685
FUND BALANCE (DEFICIT) - January 1, 2017	<u>(45,821)</u>	<u>(45,821)</u>	<u>100,833</u>	<u>100,833</u>
FUND BALANCE (DEFICIT) - December 31, 2017	<u><u>\$ (1,405,891)</u></u>	<u><u>\$ (992,299)</u></u>	<u><u>\$ 100,833</u></u>	<u><u>\$ 101,518</u></u>

SPRINGETTSBURY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	State Liquid Fuels Fund		Petitioned Street Lighting Fund		Subdivision Recreation Fund	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
	REVENUES					
Other taxes	\$ -	\$ -	\$ 84,000	\$ 87,237	\$ -	\$ -
Interest, rents and royalties	700	4,160	150	539	20	82
Intergovernmental revenue	800,760	818,908	-	-	-	-
Contributions from private sources	-	-	-	-	2,000	2,015
Total revenues	801,460	823,068	84,150	87,776	2,020	2,097
EXPENDITURES						
Highways and streets	776,500	784,635	84,000	80,877	-	-
Culture and recreation	-	-	-	-	5,000	4,017
Total expenditures	776,500	784,635	84,000	80,877	5,000	4,017
OTHER FINANCING SOURCES (USES)						
Transfer in	-	118,700	-	-	-	-
Net change in fund balances	24,960	157,133	150	6,899	(2,980)	(1,920)
FUND BALANCE - January 1, 2017	232,178	232,178	111,814	111,814	13,678	13,678
FUND BALANCE (DEFICIT) - December 31, 2017	\$257,138	\$389,311	\$111,964	\$118,713	\$10,698	\$11,758

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

Schedule of Funding Progress

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

Schedule of Contributions from Employer

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

⁽¹⁾ Includes general municipal pension system state aid.

SPRINGETTSBURY TOWNSHIP
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY
DECEMBER 31, 2017

TOTAL PENSION LIABILITY	
Service cost	\$ 478,648
Interest	1,331,002
Changes for experience	(369,444)
Changes in assumptions	611,087
Benefit payments	<u>(842,816)</u>
NET CHANGES IN TOTAL PENSION LIABILITY	1,208,477
TOTAL PENSION LIABILITY - beginning of year	<u>18,059,771</u>
TOTAL PENSION LIABILITY - end of year	<u>19,268,248</u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	728,359
Contributions - plan members	135,121
Net investment income	1,943,977
Benefit payments	(842,816)
Administrative expense	<u>(13,780)</u>
NET CHANGES IN PLAN FIDUCIARY NET POSITON	1,950,861
PLAN FIDUCIARY NET POSITION - beginning of year	<u>14,872,625</u>
PLAN FIDUCIARY NET POSITION - end of year	<u>16,823,486</u>
TOWNSHIP'S NET PENSION LIABILITY	<u><u>\$2,444,762</u></u>

SPRINGETTSBURY TOWNSHIP
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>POLICE</u>						
1/1/2009	\$ -	\$3,444,845	\$3,444,845	0.00%	\$2,182,066	157.87%
1/1/2012	-	3,198,323	3,198,323	0.00%	2,464,345	129.78%
1/1/2015	-	3,629,690	3,629,690	0.00%	2,821,914	128.63%
<u>PAID FIREMAN</u>						
1/1/2009	\$ -	\$1,586,662	\$1,586,662	0.00%	\$ 948,184	167.34%
1/1/2012	-	608,865	608,865	0.00%	-	N/A
1/1/2015	-	260,902	260,902	0.00%	-	N/A
<u>TOTAL</u>						
1/1/2009	\$ -	\$5,031,507	\$5,031,507	0.00%	\$3,130,250	160.74%
1/1/2012	-	3,807,188	3,807,188	0.00%	2,464,345	154.49%
1/1/2015	-	3,890,592	3,890,592	0.00%	2,821,914	137.87%

SUPPLEMENTARY INFORMATION

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
CAPITAL PROJECTS FUND
DECEMBER 31, 2017

	Capital Improvement Fund	Storm Water Reserve Fund	Total
ASSETS			
Cash and cash equivalents	\$ 110,228	\$ 101,518	\$ 211,746
Total assets	\$ 110,228	\$ 101,518	\$ 211,746
LIABILITIES			
Due to other funds	\$ 1,013,995	\$ -	\$ 1,013,995
Accounts payable	198	-	198
Retainage payable	88,334	-	88,334
Total liabilities	1,102,527	-	1,102,527
FUND BALANCES (DEFICITS):			
Restricted	-	101,518	101,518
Unassigned	(992,299)	-	(992,299)
Total fund balances (deficits)	(992,299)	101,518	(890,781)
Total liabilities and fund balances	\$ 110,228	\$ 101,518	\$ 211,746

SPRINGETTSBURY TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
 CAPITAL PROJECTS FUND
 YEAR ENDED DECEMBER 31, 2017

	Capital Improvement Fund	Storm Water Reserve Fund	Total
REVENUES			
Interest, rents and royalties	\$ 6,407	\$ 685	\$ 7,092
Total revenues	6,407	685	7,092
 EXPENDITURES			
Highways and streets	902,302	-	902,302
Culture and recreation	445,777	-	445,777
Debt service	333,950	-	333,950
Total expenditures	1,682,029	-	1,682,029
Excess (deficit) of revenues over expenditures	(1,675,622)	685	(1,674,937)
 OTHER FINANCING SOURCES (USES)			
Transfers in	729,144	-	729,144
Total other financing sources (uses)	729,144	-	729,144
 NET CHANGE IN FUND BALANCES	(946,478)	685	(945,793)
 FUND BALANCE - January 1, 2017 (Deficit)	(45,821)	100,833	55,012
 FUND BALANCE - December 31, 2017 (Deficit)	<u>\$ (992,299)</u>	<u>\$ 101,518</u>	<u>\$ (890,781)</u>

SPRINGETTSBURY TOWNSHIP
COMBINING BALANCE SHEETS -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
ASSETS				
Cash and cash equivalents	\$ 398,036	\$ 126,410	\$ 12,631	\$ 537,077
Taxes receivable - net	-	-	-	-
Total Assets	<u>\$ 398,036</u>	<u>\$ 126,410</u>	<u>\$ 12,631</u>	<u>\$ 537,077</u>
LIABILITIES	\$ 8,725	\$ 7,697	\$ 872	\$ 17,294
Fund balances:				
Restricted	389,311	-	-	389,311
Assigned	-	118,713	11,759	130,472
Total fund balances	<u>389,311</u>	<u>118,713</u>	<u>11,759</u>	<u>519,783</u>
Total liabilities and fund balances	<u>\$ 398,036</u>	<u>\$ 126,410</u>	<u>\$ 12,631</u>	<u>\$ 537,077</u>

SPRINGGETTSBURY TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017

	State Liquid Fuels Fund	Petitioned Street Lighting Fund	Subdivision Recreation Fund	Total
REVENUES				
Other taxes	\$ -	\$ 87,237	\$ -	\$ 87,237
Interest, rent and royalties	4,160	539	82	4,781
Intergovernmental revenue	818,908	-	-	818,908
Contributions from private sources	-	-	2,015	2,015
	<u>823,068</u>	<u>87,776</u>	<u>2,097</u>	<u>912,941</u>
Total revenues	823,068	87,776	2,097	912,941
EXPENDITURES				
Highways and streets	784,635	80,877	-	865,512
Culture and recreation	-	-	4,016	4,016
	<u>784,635</u>	<u>80,877</u>	<u>4,016</u>	<u>869,528</u>
Total expenditures	784,635	80,877	4,016	869,528
OTHER FINANCING SOURCES (USES)				
Transfers in	118,700	-	-	118,700
	<u>157,133</u>	<u>6,899</u>	<u>(1,919)</u>	<u>162,113</u>
Changes in fund balances	157,133	6,899	(1,919)	162,113
Fund balances - beginning	232,178	111,814	13,678	357,670
Fund balances - ending	<u>\$ 389,311</u>	<u>\$ 118,713</u>	<u>\$ 11,759</u>	<u>\$ 519,783</u>