

***YORK TOWNSHIP***

***YEAR ENDED DECEMBER 31, 2015***

# YORK TOWNSHIP

YEAR ENDED DECEMBER 31, 2015

## CONTENTS

	Page
Independent auditors' report	1-3
Management's discussion and analysis (unaudited)	4-12
Financial statements:	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14-15
Fund financial statements and reconciliations:	
Balance sheet - governmental funds	16
Reconciliation of governmental funds balance sheet to the statement of net position	17
Statement of revenues, expenditures and changes in fund balances – governmental funds	18
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	19
Statement of net position – proprietary funds	20
Statement of revenues, expenses and changes in net position – proprietary funds	21
Statement of cash flows – proprietary funds	22-23
Statement of fiduciary net position	24
Statement of changes in fiduciary net position	25
Notes to financial statements	26-57

**YORK TOWNSHIP**

YEAR ENDED DECEMBER 31, 2015

CONTENTS (CONTINUED)

	Page
Required supplementary information (unaudited):	
Statement of revenues, expenditures and changes in fund balances – budget to actual – general fund	58
Schedule of changes in net pension liability and related ratios	59
Schedule of Township contributions and money weighted rate of return	60
Notes to required supplementary information	61
Supplementary information:	
Combining balance sheet – nonmajor governmental funds	62
Combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds	63
Combining balance sheet – capital projects funds	64
Combining statement of revenues, expenditures and changes in fund balance – capital projects funds	65
Combining balance sheet – sewer fund and water and sewer authority	66
Combining statement of revenues, expenditures and changes in fund balance – Sewer fund and water and sewer authority	67



## Independent Auditors' Report

Board of Commissioners  
York Township  
Dallastown, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of York Township as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise York Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express 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 auditors consider internal control relevant to York Township'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 York Township'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.

## **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, each major fund and the aggregate remaining fund information of York Township as of December 31, 2015, 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.

## **Emphasis of Matter**

As discussed in Note 13, to the financial statements, effective January 1, 2015, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of historical pension information 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 inquires 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 York Township's basic financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of York Township. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brown Schultz Steindam's Fritz*

Camp Hill, Pennsylvania  
May 10, 2016

# **YORK TOWNSHIP**



*190 Oak Road, Dallastown, Pennsylvania 17313 • Phone (717) 741-3861 • Fax (717) 741-5009*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis of York Township's (the Township) financial performance provides a brief overview of the Township's financial activities for the fiscal year ended December 31, 2015. The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements.

The accompanying financial statements for York Township for the fiscal year ended December 31, 2015 have been prepared in accordance with GASB Statement No. 34 and present both Government-Wide and Fund Level Financial Statements using both the accrual and modified accrual basis of accounting, as appropriate. The Government-Wide Financial Statements show financial information about the activities of the Township as a whole and provide a longer-term view of the Township's finances. The Statement of Net Position and the Statement of Activities provide this information. These statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities. These statements are prepared using the accrual basis of accounting. All assets and liabilities of the Township are included in these statements, and all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. This method of financial presentation is similar to the accounting used by most private-sector companies. Fund Financial Statements show how the Township finances its services in the short-term, as well as what remains for future spending. Fund Financial Statements provide separate information for the Township's most significant funds, and non-major funds are aggregated and presented together. The modified accrual method of accounting is used in the Governmental Fund Financial Statements. This method measures cash and all other financial assets that can be readily converted to cash. In the financial statements, there are reconciliations, which show the differences between the Government-Wide Financial Statements and the Governmental Fund Financial Statements. Lastly, a Statement of Fiduciary Net Position is provided which provides financial information about activities that the Township acts solely as an agent for the benefit of others. These activities are excluded from the other financial statements of the Township because these assets cannot be used to finance the Township's operations.

## **YORK TOWNSHIP**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **FINANCIAL HIGHLIGHTS**

- Effective January 1, 2015, the Township adopted and implemented new accounting standards related to pensions, specifically Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*; GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Township must now report the unfunded pension liability on the statement of net position as a noncurrent liability. The Township's net pension liability at December 31, 2015 is \$919,486. The Township has sufficient funds to meet this obligation at December 31, 2015. The Township also reports a \$580,557 deferred outflows of resources related to the pension plan which represents the difference between the projected and actual earnings on pension plan investments as of December 31, 2015. Lastly, the implementation of the aforementioned standards resulted in a retroactive restatement of net position at January 1, 2015. The effect was a decrease in net position of \$430,617 as of January 1, 2015.
- The Township's net position is stated at \$93,657,637 as of December 31, 2015. Net position increased by \$1,698,437 in 2015.
- The total cost of all the Township's programs was \$18,941,143.
- During the year, the Township's expenses from governmental activities totaled \$12,005,287 and were offset by program and general revenue of \$12,555,922, generating a change in net position of \$550,635. Expenses from business-type activities totaled \$6,935,856 and were offset by program and general revenue of \$8,083,658, generating a change in net position of \$1,147,802. This combined to a total government wide change in net position of \$1,698,437 for 2015.

## YORK TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### Government-wide financial statements

A condensed summary of the Township's assets and deferred outflows and liabilities and net position at December 31, 2015 and 2014 is shown below. The 2014 statement amounts do not reflect the adoption of the new pension accounting standards. Refer to Note 7 for the discussion of the new standards and Note 13 for how the adoption was recorded.

Summary of Net Position as of December 31, 2015 and 2014

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 15,164,862	\$ 14,027,249	\$ 15,583,294	\$ 14,326,182	\$ 30,748,156	\$ 28,353,431
Noncurrent assets	28,878,598	29,527,468	35,320,210	35,412,670	64,198,808	64,940,138
Deferred outflows	430,388		150,169		580,557	
<b>Total assets and deferred outflows</b>	<b>\$ 44,473,848</b>	<b>\$ 43,554,717</b>	<b>\$ 51,053,673</b>	<b>\$ 49,738,852</b>	<b>\$ 95,527,521</b>	<b>\$ 93,293,569</b>
Current liabilities	\$ 223,406	\$ 246,171	\$ 401,470	\$ 364,977	624,876	\$ 611,148
Noncurrent liabilities	244,566	215,722	80,956	76,882	325,522	292,604
Net pension liability	681,649		237,837		919,486	
<b>Total liabilities</b>	<b>\$ 1,149,621</b>	<b>\$ 461,893</b>	<b>\$ 720,263</b>	<b>\$ 441,859</b>	<b>\$ 1,869,884</b>	<b>\$ 903,752</b>
Investment in capital assets	\$ 28,878,598	\$ 29,527,468	\$ 35,320,210	\$ 35,412,670	\$ 64,198,808	\$ 64,940,138
Unrestricted	14,445,629	13,565,356	15,013,200	13,884,323	29,458,829	27,449,679
<b>Total net position</b>	<b>\$ 43,324,227</b>	<b>\$ 43,092,824</b>	<b>\$ 50,333,410</b>	<b>\$ 49,296,993</b>	<b>\$ 93,657,637</b>	<b>\$ 92,389,817</b>

The \$29,458,829 of unrestricted net position represents the accumulated results of all current year and all past years operations. The results of the current year's operations are reflected in the Statement of Activities for the year ended December 31, 2015.

## YORK TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### Government-wide financial statements (continued)

This statement provides a condensed summary of the Township's results of operations:

#### Statement of Activities

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,271,298	\$ 9,017,142
Operating grants and contributions	<u>1,481,688</u>	<u>1,415,225</u>
Total program revenue	<u>10,752,986</u>	<u>10,432,367</u>
General revenues:		
Taxes	9,469,841	8,496,175
Interest	153,974	135,072
Gain on disposal of assets	5,007	15,567
Miscellaneous	<u>257,772</u>	<u>355,606</u>
Total general revenues	<u>9,886,594</u>	<u>9,002,420</u>
Total revenues	<u>20,639,580</u>	<u>19,434,787</u>
Expenses:		
General government	1,644,343	1,459,770
Public safety	6,613,674	6,258,628
Public works	2,839,555	2,950,677
Capital purchases	57,455	72,694
Culture and recreation	850,260	852,959
Sewer funds	<u>6,935,856</u>	<u>6,811,311</u>
Total expenses	<u>18,941,143</u>	<u>18,406,039</u>
Increase in net position	<u>\$ 1,698,437</u>	<u>\$ 1,028,748</u>

Programs generated \$10,752,986 in program revenue, which offset the total cost of services of \$18,941,143 for a net cost of services of \$(8,188,157). The additional revenue used to provide the Township services was generated from taxes, investment earnings and other revenue sources, which were not restricted for specific programs. Overall, the Township taxpayers provided 46% of the Township's support for the year ended December 31, 2015, as compared to 44% in 2014.

## **YORK TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2015**

#### **Fund financial statements**

The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, the information for the non-major funds is summarized in the financial statements. The Township's funds are divided into three categories - governmental, proprietary and fiduciary - and use different accounting approaches.

- **Governmental Funds** - Most of the Township's basic services are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund which is the principal operating fund of the Township; the Capital Projects Funds which are used for major capital purchases, renovations and construction projects of the Township General Fund; the Debt Service Fund and Special Revenue funds.
- **Proprietary Funds** - When the Township charges customers for the services it provides, whether to outside customers or to other municipalities, these services are generally reported in proprietary funds. Proprietary funds utilize accrual accounting, the same method used by private sector businesses. Proprietary funds report activities that provide supplies and services to the general public. An example is the Sewer Fund which provides sewer services to the residents for a fee.
- **Fiduciary Funds** - The Township acts as a trustee or fiduciary for its employees' pension plan. It is also responsible for other assets that can only be used for specific purposes. The Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension and escrow funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the Township to finance its operations.

As stated earlier, fund financial statements provide the reader with an understanding of how the Township finances its services in the short-term and what funds are available for future spending. The Township continues to maintain a healthy fund balance in the General Fund. For 2015, the General Fund fund balance was \$8,706,496, an increase of \$1,351,000 or 18.4% over last year and \$1,348,036 more than budgeted. The \$8,706,496 General Fund fund balance as of December 31, 2015 is comprised of \$25,647 in nonspendable funds, \$3,181,652 in committed funds, \$464,614 in assigned funds and \$5,034,583 in unassigned funds.

**YORK TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**Fund financial statements (continued)**

The Capital Projects Fund's committed and restricted fund balances remain healthy, ending 2015 at \$2,651,756 for Capital Reserve, \$197,289 for Recreation Capital and \$909,686 for Storm Water Management for a total Capital Projects Fund balance of \$3,758,731. The Township has reserved these funds for on-going major purchases and renovations, as well as infrastructure improvements, and they are replenished each year with budgeted operating transfers from the General Fund to the Capital Reserve Funds and fee assessments for both the Storm Water Management and Recreation Capital Reserve Funds.

**Capital assets and debt administration**

At December 31, 2015, the Township had \$64,198,808 invested in a broad range of capital assets including infrastructure, land, buildings, furniture and equipment (a decrease of \$741,330 as compared to 2014). Below is a comparison of Township capital assets for the past two years.

	Capital Assets at Year-End			
	Governmental activities		Business-type activities	
	2015	2014	2015	2014
Land	\$ 4,227,228	\$ 4,227,228	\$ 407,251	\$ 407,251
Buildings	8,615,866	8,313,719	2,164,976	2,164,976
Storm water system	289,498	198,710		
Collection lines			4,833,212	4,675,403
Treatment plant/pump stations			2,801,828	2,756,805
Traffic lights	995,824	995,824		
Roads	9,154,312	8,299,315		
Signs	2,265	2,265		
Curbs/sidewalks	338,967	338,967		
Vehicles	1,824,833	1,737,396	1,261,488	1,105,638
Office furniture/equipment	717,905	695,509	162,813	162,813
Machinery and equipment	2,277,991	2,266,549	379,566	427,531
Infrastructure	35,403,471	35,403,471	39,393,992	39,393,992
Construction in process	168,707	206,236	134,315	45,673
Totals	64,016,867	62,685,189	51,539,441	51,140,082
Accumulated depreciation	<u>(35,138,269)</u>	<u>(33,157,721)</u>	<u>(16,219,231)</u>	<u>(15,727,412)</u>
Net capital assets	<u>\$ 28,878,598</u>	<u>\$ 29,527,468</u>	<u>\$ 35,320,210</u>	<u>\$ 35,412,670</u>

## YORK TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### Debt administration

As of December 31, 2015 and 2014, there were no bond issuances outstanding for York Township. York Township guarantees payment of any notes or bonds issued by the York Township Water and Sewer Authority, a component unit of York Township. As of December 31, 2015 and 2014, there were no issuances outstanding for the York Township Water and Sewer Authority.

#### General fund budget highlights

The Township adopts an annual budget for all Governmental Funds. The budget includes all revenues and expenditures/expenses of these funds. The budget acts as the financial operating plan for the fiscal year and is revised as necessary. The Board of Commissioners may amend the budget at any time during the fiscal year by making additional appropriations or increasing existing appropriations, but the funds must be provided from unexpended balances in existing appropriations, from unappropriated revenues or from unreserved fund balances.

The Township has adopted a conservative approach to budgeting. Revenues are projected conservatively based upon historical trends, and expenses are generally budgeted on a "worst case" scenario. In 2015, the General Fund shows a net change in fund balance of \$1,351,000, which is \$1,348,036 higher than the original budgeted excess of \$2,964. This positive budget variance was due mainly to the combination of the increase in Act 511 tax revenue over budget by \$647,968, and a reduction of expenditures below budget by \$589,772.

Total General Fund fund balances at year-end were \$8,706,496 and were comprised of:

<b>Nonspendable funds, prepaid expenses</b>	\$ 25,647
<b>Committed funds</b>	
Minimum reserve requirement	2,500,000
Future pension costs	681,652
<b>Assigned funds:</b>	
Emergency management	2,348
Employee benefit	462,266
<b>Unassigned funds</b>	<u>5,034,583</u>
<b>Total fund balance</b>	<u><u>\$ 8,706,496</u></u>

**YORK TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**General fund budget highlights**

General Fund Budget to Actual for 2015

	Budgeted amounts original/final	Actual	Variance
Revenues:			
Taxes	\$ 8,785,510	\$ 9,433,478	\$ 647,968
Licenses and permits	431,266	453,492	22,226
Fines and forfeitures	140,015	168,312	28,297
Interest	35,700	49,829	14,129
Intergovernmental revenues	720,225	736,887	16,662
Charges for services	604,152	632,992	28,840
Other	2,920	3,062	142
Total revenues	<u>10,719,788</u>	<u>11,478,052</u>	<u>758,264</u>
Expenditures:			
General government	1,304,843	1,204,549	100,294
Public safety	6,114,025	5,951,630	162,395
Public works, sanitation	16,000	14,503	1,497
Public works, highways	2,039,474	1,899,756	139,718
Culture and recreation	912,154	726,286	185,868
Total expenditures	<u>10,386,496</u>	<u>9,796,724</u>	<u>589,772</u>
Excess of revenues over expenditures	333,292	1,681,328	1,348,036
Other financing uses, operating transfers out	<u>(330,328)</u>	<u>(330,328)</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,964</u>	<u>\$ 1,351,000</u>	<u>\$ 1,348,036</u>

## **YORK TOWNSHIP**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **Proprietary funds budget highlights**

The Sewer Fund, the Township's primary proprietary operating fund, operated at a \$722,803 change in net position for 2015, roughly \$397,180 more than budget due primarily to lesser treatment and maintenance costs experienced during the year. The Sewer Fund ended the year with a very healthy net position balance of \$41,668,162 with cash and investments at \$3,823,286. The Sewer Capital Reserve Fund ended the year with a net position of \$8,281,432 with cash and investments at \$8,302,425.

#### **Fiduciary funds**

The Fiduciary Funds of the Township are presented separately in the Statement of Fiduciary Net Position because these funds are not used in the operation of the Township. However, the Township acts as the agent of these funds. Included in the Statement of Fiduciary Net Position are the assets of the employee pension fund and funds deposited with the Township by developers for infrastructure improvements.

#### **Requests for information**

This financial report is designed to provide a general overview of the York Township finances for all those with an interest in the government's finances. If you have any questions about this report or need additional information, contact York Township, 190 Oak Avenue, Dallastown, PA 17313 or (717) 741-3861.

Separately issued financial statements for York Township Water and Sewer Authority, a component unit of York Township, can be obtained by contacting the Township Office.

**YORK TOWNSHIP**

STATEMENT OF NET POSITION

DECEMBER 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 8,491,633	\$ 5,780,671	\$ 14,272,304
Investments	6,108,185	6,383,926	12,492,111
Taxes receivable	324,291		324,291
Accounts receivable	252,052	831,115	1,083,167
Internal balances	(36,946)	36,946	-
Prepaid expenses	25,647	3,715	29,362
Intermunicipal deposits		2,546,921	2,546,921
	<u>15,164,862</u>	<u>15,583,294</u>	<u>30,748,156</u>
Total current assets			
Land	4,227,228	407,251	4,634,479
Buildings	8,615,866	2,164,976	10,780,842
Construction in progress	168,707	134,315	303,022
Storm water system	289,498		289,498
Collection lines		4,833,212	4,833,212
Treatment plant		2,801,828	2,801,828
Infrastructure	35,403,471	39,393,992	74,797,463
Traffic lights	995,824		995,824
Roads	9,154,312		9,154,312
Signs	2,265		2,265
Curbs and sidewalks	338,967		338,967
Vehicles	1,824,833	1,261,488	3,086,321
Office furniture and equipment	717,905	162,813	880,718
Machinery and equipment	2,277,991	379,566	2,657,557
	64,016,867	51,539,441	115,556,308
Accumulated depreciation	<u>(35,138,269)</u>	<u>(16,219,231)</u>	<u>(51,357,500)</u>
Capital assets, net of depreciation	<u>28,878,598</u>	<u>35,320,210</u>	<u>64,198,808</u>
Deferred outflows of resources, pensions	<u>430,388</u>	<u>150,169</u>	<u>580,557</u>
Total assets and deferred outflows of resources	<u>\$ 44,473,848</u>	<u>\$ 51,053,673</u>	<u>\$ 95,527,521</u>

See notes to financial statements.

LIABILITIES AND NET POSITION

	Governmental activities	Business-type activities	Total
Current liabilities:			
Accounts payable	\$ 165,296	\$ 97,931	\$ 263,227
Payroll deductions and withholdings	53,327	14,232	67,559
Revenue received in advance	4,783		4,783
Other current liabilities		289,307	289,307
Total current liabilities	223,406	401,470	624,876
Noncurrent liabilities:			
Compensated absences	244,566	80,956	325,522
Net pension liability	681,649	237,837	919,486
Total liabilities	1,149,621	720,263	1,869,884
Net position:			
Investment in capital assets	28,878,598	35,320,210	64,198,808
Unrestricted	14,445,629	15,013,200	29,458,829
Total net position	43,324,227	50,333,410	93,657,637
Total liabilities and net position	\$ 44,473,848	\$ 51,053,673	\$ 95,527,521

**YORK TOWNSHIP**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Primary government		
				Governmental activities	Business-type activities	Total
Governmental activities:						
General government	\$ 1,644,343	\$ 563,541	\$ 422,274	\$ (658,528)		\$ (658,528)
Public safety	6,613,674	549,312	200,795	(5,863,567)		(5,863,567)
Public works, sanitation	14,503		99,732	85,229		85,229
Public works, highway	2,488,524		752,673	(1,735,851)		(1,735,851)
Public works, storm water and flood control	31,954	43,855	6,214	18,115		18,115
Public works, other	304,574			(304,574)		(304,574)
Capital purchases	57,455			(57,455)		(57,455)
Culture and recreation	850,260	189,476		(660,784)		(660,784)
Total governmental activities	12,005,287	1,346,184	1,481,688	(9,177,415)		(9,177,415)
Business-type activities, sewer funds	6,935,856	7,925,114			\$ 989,258	989,258
Total government activities	\$ 18,941,143	\$ 9,271,298	\$ 1,481,688	(9,177,415)	989,258	(8,188,157)

(continued)

**YORK TOWNSHIP**

STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Primary government		
				Governmental activities	Business-type activities	Total
General revenues:						
Taxes, all levies				\$ 9,469,841		\$ 9,469,841
Investment earnings				77,041	\$ 76,933	153,974
Gain (loss) on disposal of assets				(76,604)	81,611	5,007
Other				257,772		257,772
Total general revenues				9,728,050	158,544	9,886,594
Change in net position				550,635	1,147,802	1,698,437
Net position:						
Beginning, restated				42,773,592	49,185,608	91,959,200
Ending				\$ 43,324,227	\$ 50,333,410	\$ 93,657,637

See notes to financial statements.

**YORK TOWNSHIP**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

DECEMBER 31, 2015

	Major funds			
	General fund	Capital projects funds	Nonmajor funds	Total governmental funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,428,927	\$ 1,618,602	\$ 2,444,104	\$ 8,491,633
Investments	3,892,315	2,215,870		6,108,185
Due from other funds		4,300		4,300
Taxes receivable	324,234		57	324,291
Accounts receivable	252,052			252,052
Prepaid expenditures	25,647			25,647
	<b>\$ 8,923,175</b>	<b>\$ 3,838,772</b>	<b>\$ 2,444,161</b>	<b>\$ 15,206,108</b>
<b>Liabilities:</b>				
Accounts payable	\$ 96,221	\$ 68,848	\$ 227	\$ 165,296
Revenue received in advance	4,783			4,783
Due to other funds	30,053	11,193		41,246
Payroll deductions and withholdings	53,327			53,327
	184,384	80,041	227	264,652
Deferred inflows of resources, unavailable revenue	32,295			32,295
<b>Fund balances:</b>				
Nonspendable, prepaid expenses	25,647			25,647
Restricted:				
Liquid fuels			602,580	602,580
Street light			39,112	39,112
Impact fees			1,802,242	1,802,242
Recreation site fee		197,289		197,289
Storm water		909,686		909,686
Committed:				
Capital reserve		2,651,756		2,651,756
Future pension costs	681,652			681,652
Minimum reserve requirement	2,500,000			2,500,000
Assigned:				
Emergency management	2,348			2,348
Employee benefit	462,266			462,266
Unassigned	5,034,583			5,034,583
	8,706,496	3,758,731	2,443,934	14,909,161
Total fund balances	<b>8,706,496</b>	<b>3,758,731</b>	<b>2,443,934</b>	<b>14,909,161</b>
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 8,923,175</b>	<b>\$ 3,838,772</b>	<b>\$ 2,444,161</b>	<b>\$ 15,206,108</b>

See notes to financial statements.

**YORK TOWNSHIP**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

YEAR ENDED DECEMBER 31, 2015

Total governmental fund balances		\$ 14,909,161
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$64,016,867 and the accumulated depreciation is \$35,138,269.		28,878,598
Property taxes receivable will be collected subsequent to year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		32,295
Long-term liabilities 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:		
Net pension liability	\$ (681,649)	
Compensated absences	<u>(244,566)</u>	(926,215)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		<u>430,388</u>
Net position of governmental activities		<u><u>\$ 43,324,227</u></u>

See notes to financial statements.

**YORK TOWNSHIP**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2015

	Major funds		Nonmajor funds	Total governmental funds
	General fund	Capital projects funds		
Revenues:				
Taxes	\$ 9,433,478		\$ 5,043	\$ 9,438,521
Licenses and permits	453,492			453,492
Fines and forfeitures	168,312			168,312
Charges for services	632,992	\$ 89,286		722,278
Interest	49,829	24,646	2,566	77,041
Intergovernmental revenues	736,887	6,214	742,787	1,485,888
Other	3,062	315	250,085	253,462
<b>Total revenues</b>	<b>11,478,052</b>	<b>120,461</b>	<b>1,000,481</b>	<b>12,598,994</b>
Expenditures:				
General government	1,204,549	81,101		1,285,650
Public safety	5,951,630			5,951,630
Capital projects			8,177	8,177
Public works, sanitation	14,503			14,503
Public works, highway	1,899,756	86,318	650,000	2,636,074
Public works, storm water and flood control		128,458		128,458
Public works, other		321,782	51,593	373,375
Culture and recreation	726,286	385,416		1,111,702
<b>Total expenditures</b>	<b>9,796,724</b>	<b>1,003,075</b>	<b>709,770</b>	<b>11,509,569</b>
Excess (deficiency) of revenues over expenditures	1,681,328	(882,614)	290,711	1,089,425
Other financing sources (uses):				
Proceeds from sale of fixed assets		38,657		38,657
Operating transfers in		330,328		330,328
Operating transfers out	(330,328)			(330,328)
<b>Total other financing sources (uses)</b>	<b>(330,328)</b>	<b>368,985</b>		<b>38,657</b>
Net change in fund balances	1,351,000	(513,629)	290,711	1,128,082
Fund balances:				
Beginning	7,355,496	4,272,360	2,153,223	13,781,079
Ending	\$ 8,706,496	\$ 3,758,731	\$ 2,443,934	\$ 14,909,161

See notes to financial statements.

**YORK TOWNSHIP**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2015

Total net change in fund balances, governmental funds		\$ 1,128,082
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 over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	\$ (2,206,338)	
Capital outlays	<u>1,557,468</u>	(648,870)
Because some property taxes will not be collected for several months after the Township's year end, they are not considered as available revenues in the governmental funds. Unavailable tax revenue increased by this amount this year.		
		32,295
Governmental funds report Township pension expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense:		
Township pension contributions		341,704
Costs of benefits - pension expense		(273,732)
Changes in compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities. Compensated absences increased by this amount this year.		
		<u>(28,844)</u>
Change in net position of governmental activities		<u>\$ 550,635</u>

See notes to financial statements.

**YORK TOWNSHIP**

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

DECEMBER 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Current assets:				
Cash and cash equivalents	\$ 2,288,551	\$ 38,886	\$ 3,453,234	\$ 5,780,671
Investments	1,534,735		4,849,191	6,383,926
Accounts receivable	602,673	228,442		831,115
Due from other funds	23,028	130,161	11,193	164,382
Prepaid expenses	3,368	347		3,715
Intermunicipal deposits	2,546,921			2,546,921
Total current assets	6,999,276	397,836	8,313,618	15,710,730
Capital assets:				
Land	407,251			407,251
Buildings	2,164,976			2,164,976
Construction in progress	134,315			134,315
Collection lines	4,833,212			4,833,212
Pump stations	2,801,828			2,801,828
Infrastructure	39,393,992			39,393,992
Vehicles	1,261,488			1,261,488
Office furniture and equipment	162,813			162,813
Machinery and equipment	379,566			379,566
	51,539,441			51,539,441
Accumulated depreciation	(16,219,231)			(16,219,231)
Capital assets, net of depreciation	35,320,210			35,320,210
Deferred outflows of resources, pensions	150,169			150,169
Total assets and deferred outflows of resources	\$ 42,469,655	\$ 397,836	\$ 8,313,618	\$ 51,181,109

See notes to financial statements.

LIABILITIES AND NET POSITION

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Current liabilities:				
Accounts payable	\$ 61,906	\$ 3,839	\$ 32,186	\$ 97,931
Payroll deductions and withholdings	12,820	1,412		14,232
Due to other funds	127,436			127,436
Other current liabilities	289,307			289,307
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	491,469	5,251	32,186	528,906
Noncurrent liabilities:				
Compensated absences	72,187	8,769		80,956
Net pension liability	237,837			237,837
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	801,493	14,020	32,186	847,699
	<hr/>	<hr/>	<hr/>	<hr/>
Net position:				
Investment in capital assets	35,320,210			35,320,210
Unrestricted	6,347,952	383,816	8,281,432	15,013,200
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	41,668,162	383,816	8,281,432	50,333,410
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net position	<u>\$ 42,469,655</u>	<u>\$ 397,836</u>	<u>\$ 8,313,618</u>	<u>\$ 51,181,109</u>

**YORK TOWNSHIP**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –  
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Operating revenues:				
Rental and service charges	\$ 5,925,943	\$ 1,807,927		\$ 7,733,870
Connection and tapping fees	190,135			190,135
Other	82,360		\$ 360	82,720
Total operating revenues	6,198,438	1,807,927	360	8,006,725
Operating expenses, operations of facilities	4,303,958	1,757,974	4,809	6,066,741
Net operating income (loss) before depreciation	1,894,480	49,953	(4,449)	1,939,984
Depreciation	869,115			869,115
Net operating income (loss)	1,025,365	49,953	(4,449)	1,070,869
Nonoperating revenue, earnings on investments	20,134	295	56,504	76,933
Net income before operating transfers	1,045,499	50,248	52,055	1,147,802
Operating transfers:				
Transfers in	766,426		1,089,122	1,855,548
Transfers out	(1,089,122)		(766,426)	(1,855,548)
Change in net position	722,803	50,248	374,751	1,147,802
Net position:				
Beginning, restated	40,945,359	333,568	7,906,681	49,185,608
Ending	\$ 41,668,162	\$ 383,816	\$ 8,281,432	\$ 50,333,410

See notes to financial statements.

**YORK TOWNSHIP**

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Major funds			Total
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	
Cash flows from operating activities:				
Cash received from users	\$ 5,900,952	\$ 1,792,322		\$ 7,693,274
Cash payments to employees for service	(1,009,162)	(112,109)		(1,121,271)
Cash payments to suppliers for goods and services	(3,253,096)	(1,660,909)	\$ (6,002)	(4,920,007)
Other cash receipts	1,109		360	1,469
Net cash provided by (used in) operating activities	<u>1,639,803</u>	<u>19,304</u>	<u>(5,642)</u>	<u>1,653,465</u>
Cash flows from noncapital financing activities:				
Operating transfer in			1,089,122	1,089,122
Operating transfers out	<u>(1,089,122)</u>			<u>(1,089,122)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,089,122)</u>		<u>1,089,122</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of assets	92,974			92,974
Purchase of capital assets	<u>(21,950)</u>		<u>(766,426)</u>	<u>(788,376)</u>
Net cash provided by (used in) capital and related financing activities	<u>71,024</u>		<u>(766,426)</u>	<u>(695,402)</u>
Cash flows from investing activities:				
Earnings on investments	20,134	295	56,504	76,933
Purchases of investments, net	<u>(3,313)</u>		<u>(134,347)</u>	<u>(137,660)</u>
Net cash provided by (used in) investing activities	<u>16,821</u>	<u>295</u>	<u>(77,843)</u>	<u>(60,727)</u>
Increase in cash and cash equivalents	638,526	19,599	239,211	897,336
Cash and cash equivalents:				
Beginning of year	<u>1,650,025</u>	<u>19,287</u>	<u>3,214,023</u>	<u>4,883,335</u>
End of year	<u>\$ 2,288,551</u>	<u>\$ 38,886</u>	<u>\$ 3,453,234</u>	<u>\$ 5,780,671</u>

(continued)

**YORK TOWNSHIP**

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

	Major funds			
	Sewer fund	Intermunicipal sewer fund	Sewer capital reserve	Total
Reconciliation of net operating income to net cash provided by (used in) operating activities:				
Net operating income (loss)	<u>\$ 1,025,365</u>	<u>\$ 49,953</u>	<u>\$ (4,449)</u>	<u>\$ 1,070,869</u>
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:				
Gain on disposal of assets	(81,251)			(81,251)
Depreciation	869,115			869,115
(Increase) decrease in:				
Accounts receivable	6,032	(15,601)		(9,569)
Due from other funds	23,028	(13,950)	(1,193)	7,885
Prepaid expenses	(182)	(4)		(186)
Intermunicipal deposits	(220,977)			(220,977)
Deferred outflows of resources, pension	(150,169)			(150,169)
Increase (decrease) in:				
Accounts payable	21,438	(1,215)		20,223
Due to other funds	11,225			11,225
Compensated absences	4,129	(55)		4,074
Net pension liability	126,452			126,452
Payroll deductions and withholdings	1,639	176		1,815
Other liabilities	<u>3,959</u>			<u>3,959</u>
Total adjustments	<u>614,438</u>	<u>(30,649)</u>	<u>(1,193)</u>	<u>582,596</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,639,803</u></u>	<u><u>\$ 19,304</u></u>	<u><u>\$ (5,642)</u></u>	<u><u>\$ 1,653,465</u></u>
Non cash activities:				
Accounts payable for capital assets at year-end			\$ 32,186	
Transfer of capital assets	\$ 766,426		(766,426)	

See notes to financial statements.

**YORK TOWNSHIP**

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2015

	<u>Escrow fund</u>	<u>Nonuniform pension fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 143,528		\$ 143,528
Investments		<u>\$ 8,187,002</u>	<u>8,187,002</u>
	<u>\$ 143,528</u>	<u>\$ 8,187,002</u>	<u>\$ 8,330,530</u>
LIABILITIES AND NET POSITION			
Liability to developers	\$ 143,528		\$ 143,528
Net position restricted for pension		<u>\$ 8,187,002</u>	<u>8,187,002</u>
	<u>\$ 143,528</u>	<u>\$ 8,187,002</u>	<u>\$ 8,330,530</u>

See notes to financial statements.

**YORK TOWNSHIP**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2015

	<u>Nonuniform pension fund</u>
Additions:	
Investment loss	\$ (63,435)
Contributions	<u>460,930</u>
Total additions	<u>397,495</u>
Deductions:	
Administrative expenses	30,527
Benefit payments	<u>201,815</u>
Total deductions	<u>232,342</u>
Change in net position	165,153
Net position restricted for pension:	
Beginning	<u>8,021,849</u>
Ending	<u><u>\$ 8,187,002</u></u>

See notes to financial statements.

# **YORK TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

### **1. Summary of significant accounting policies:**

The financial statements of York Township (the Township) have been prepared to conform with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### *Principles determining scope of reporting entity:*

York Township operates as a first class township under the laws governing municipalities in the Commonwealth of Pennsylvania. The Township operates under a Board of Commissioners form of government and provides services as authorized by statute: General Government, Public Safety (Police and Fire), Public Works (Highway and Sanitation), Culture and Recreation, Planning and Zoning and other services as required. As required by generally accepted accounting principles, these financial statements present York Township (the primary government) and its component unit. The Township has elected to include the component unit discussed below in the Township's reporting entity.

#### *Reporting entity:*

The Township defines its reporting entity based upon the criteria established by the Governmental Accounting Standards Board. The Township includes in its reporting entity organizations for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Township are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of reporting entity is based primarily on the notion of financial accountability. The Township is financially accountable to an organization if it appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Township. The Township would also include any organization fiscally dependent on it. Although not required, the Township has included the component unit, York Township Water and Sewer Authority (the Authority).

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

*Blended component unit:*

The York Township Water and Sewer Authority is a municipal authority chartered under the Municipal Authorities Act of 1945, approved May 2, 1945, P.L. 382 as amended. The purpose of the Authority is to acquire, hold, construct and operate, or provide operations, of the municipal water and sewer systems for York Township. The Water and Sewer Authority has financed the sewer improvement projects of the Township through leasing arrangements. The Township guarantees the debt of York Township Water and Sewer Authority. The governing body of York Township Water and Sewer Authority is appointed by the Township Board of Commissioners.

The separate audited financial statements of the York Township Water and Sewer Authority can be obtained from the Authority Board.

*Government-wide financial statements:*

The statement of net position and statement of activities display information about the reporting government as a whole. The statements include the primary government and its component units, except for the fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position and statement of activities are prepared using the economic measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

*Program revenues – government-wide financial statements:*

The statement of activities reports two categories of program revenues: (a) charges for services and (b) program specific operating grants and contributions. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

*Policy for eliminating internal activity – government-wide financial statements:*

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. In the process of aggregating data for the statement of net position, amounts reported as interfund balances in the individual funds are eliminated or reclassified. Eliminations are made in the statement of net position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

*Policy for capitalizing assets and estimating useful lives – government-wide financial statements:*

The Township reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The Township's policy is to capitalize assets or groups of assets with costs in excess of \$10,000. Depreciation expense is calculated using the straight-line method over the estimated useful lives of capital assets ranging from 5 to 40 years.

*Policy regarding applying restricted or unrestricted resources:*

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.

## YORK TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### 1. Summary of significant accounting policies (continued):

##### *Fund financial statements:*

The accounts of the Township are organized on the basis of funds or account groups each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, deferred inflows of resources, fund balance or net position, revenues and expenses or expenditures. The following funds are used by the Township:

##### Governmental funds:

**General Fund** – The General Fund is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. The Emergency Management Fund (EMA) is included in the General Fund; however, it was assigned a separate fund number for internal tracking purposes only.

**Special Revenue Funds** – The Special Revenue Funds account for revenues that are legally restricted to expenditures for specific purposes. The Special Revenue Funds are the Liquid Fuels Fund, Street Lighting Tax Fund and Impact Fees.

**Capital Projects Funds** – The Capital Projects Funds account for financial resources to be used for the acquisition of major facilities which are not financed by Proprietary and Trust and Agency Funds. The Capital Projects Funds are the Recreation Capital Reserve Fund, Storm Water Management Fund and Capital Reserve Fund.

##### Proprietary Funds:

**Enterprise Funds** – The Enterprise Funds are to account for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including depreciation) is financed through user charges. The Enterprise Funds include the York Township Water and Sewer Authority and the Sewer Fund, Intermunicipal Sewer Fund and Sewer Capital Reserve Fund.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

*Fund financial statements (continued):*

##### Fiduciary Funds:

The Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent. Pension trust funds use the economic resources measurement focus in essentially the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The Nonuniform Pension Fund is a pension trust fund. The Escrow Fund is an agency fund.

*Measurement focus/basis of accounting:*

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the Township are accounted for using a current financial resources measurement focus. Accordingly, only current assets, current liabilities and deferred inflows of resources are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current or noncurrent) associated with the operation of the funds are included on the statement of net position. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The Township defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital finance activities or investing activities would normally not be reported as operating revenues.

## YORK TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### 1. Summary of significant accounting policies (continued):

##### *Modified accrual basis:*

The modified accrual basis of accounting is followed for all governmental funds of the Township. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the Township's operations. Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

##### Property taxes:

**Current revenue** – These are taxes levied as of a specific date with a legal, enforceable claim against the taxpayer and/or property. These taxes are recognizable as current revenue when received by the Township during the fiscal year and also estimated to be received by the Township within 60 days after the close of the fiscal year.

**Revenue received in advance – taxes** – Currently levied property taxes which are not estimated to be received by the Township within 60 days after the close of the current fiscal year are recorded as deferred inflows of resources -unavailable revenue.

**Doubtful** – An allowance for doubtful accounts is not required for property taxes due to a lien placed on delinquent properties. Upon sale, the lien would be satisfied and the Township would receive levied taxes.

##### *Revenue from state sources:*

State subsidies due the Township as current fiscal year entitlements are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

##### *Revenue from federal sources:*

Federal program funds applicable to expenditures for the same program in the current fiscal year, but expected to be received in the next fiscal year, are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year-end over the program expenditures are recorded as unearned revenue.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

*Accrual basis:*

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measureable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Funds and Pension Trust Funds.

*Interfund transactions:*

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services.

*Cash and cash equivalents:*

For the purpose of the statement of cash flows, the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Investments:*

Investments are stated at fair value. Fair values for the mutual and bond funds are measured by quoted prices in an active market. Fair values for the money market funds are principal values, and fair value for the government pool is based upon quoted market prices for investments held by the pool. The change in fair value of the investments is reflected as unrealized gains (losses) and is included as a component of investment income.

*Budgets:*

Prior to December 31, 2014, in accordance with the laws of the Commonwealth, the 2015 annual budget was presented to the York Township Commissioners. The budget was enacted on December 9, 2014, by Ordinance No. 2014-9. All unused budget appropriations lapse at year-end.

*Deferred outflows/inflows of resources – pension:*

The Township recognizes the difference between projected earnings and actual earnings of their pension plan as deferred outflows of resources. The amounts are amortized over a five year period.

## YORK TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### 1. Summary of significant accounting policies (continued):

##### *Fund balance classification:*

The Township follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable:** This classification includes amounts that are not in spendable form (such as inventory), prepaid expenses or amounts that are required to be maintained intact.
- **Restricted:** This classification includes amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed:** This classification includes amounts constrained to specific purposes by the Township itself, using its highest level of decision making authority (Board of Commissioners). When reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned:** This classification includes amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Township Board of Commissioners delegates the authority.
- **Unassigned:** This classification includes amounts that are available for any purpose.

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board or the assignment has been changed by the Board. Decreases to fund balance first reduce Committed Fund Balance. In the event that Committed Fund Balance becomes zero, then Assigned and Unassigned Fund balances are used in that order.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

##### *Capital assets – fund financial statements:*

Under the Township's method of accounting, capital assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on fixed assets in those funds. Proprietary Fund capital assets are recorded at cost. Depreciation is provided for on a straight-line basis over periods ranging from 5 to 40 years.

##### *Total columns:*

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns does 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.

##### *Estimates:*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Long-term liabilities:*

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of accrued compensated absences.

##### *Subsequent events:*

Management has evaluated subsequent events through May 10, 2016, the date the financial statements were available to be issued.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **1. Summary of significant accounting policies (continued):**

*Net position classifications:*

Government-wide statements - Equity is classified as net position and displayed in three components:

- Investment in capital assets - Consists of capital assets net of accumulated depreciation.
- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that does not meet the definition of “restricted” or “investment in capital assets.”

#### **2. Deposits and investments:**

Cash includes amounts in demand deposits and certificates of deposit that mature within three months of the purchase date. The Township is authorized under the First Class Township Code to invest in the following:

1. United States treasury bills and short-term obligations of the U.S. Government or its agencies or instrumentalities,
2. Obligations of the United States of America and the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities, which are backed by the full faith and credit of said government,
3. Savings accounts, time deposits and certificates of deposit, pursuant to certain insurance and collateral requirements, and
4. Shares of qualifying registered investment companies.
5. Any investment authorized by PA C.S. Ch. 73, (relating to fiduciaries investments) shall be an authorized investment for any pension or retirement fund.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**2. Deposits and investments (continued):**

*Custodial credit risk – deposits and investments:*

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. 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. The Township has a policy for managing custodial credit risk.

*Reconciliation to financial statements:*

Covered by Federal Depository Insurance Corporation (FDIC)	\$ 157,007
Collateral held by the pledging bank under Act 72	13,987,321
Outstanding checks	(189,206)
Outstanding bank items	<u>(3,219)</u>
Carrying amount - bank balances	13,951,903
Money market funds held in investment accounts	
covered by Securities Investor Protection Corporation (SIPC)	462,829
Petty cash	<u>1,100</u>
Total cash and cash equivalents per financial statements	<u>\$ 14,415,832</u>

*Reconciliation to financial statements:*

Governmental Funds	\$ 8,491,633
Proprietary Funds	5,780,671
Fiduciary Funds	<u>143,528</u>
Total cash and cash equivalents per financial statements	<u>\$ 14,415,832</u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**2. Deposits and investments (continued):**

*Investments:*

As of December 31, 2015, the Township had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair value</u>
Investments, certificates of deposits: (all insured by FDIC)	Less than 1 year 1 - 5 years	\$ 2,487,421 <u>10,004,690</u>
		<u>12,492,111</u>
Fiduciary Nonuniform Pension Investments:		
Principal Financial Group:		
Large U.S. Equity		2,537,356
Small/Mid U.S. Equity		625,572
International Equity		941,774
Balanced		359,937
Fixed income		3,050,412
Other		<u>671,951</u>
Total fiduciary funds, pension plan		<u>8,187,002</u>
		<u>\$ 20,679,113</u>
Reconciliation to financial statements:		
Governmental Funds		\$ 6,108,185
Proprietary Funds		6,383,926
Fiduciary Funds, nonuniform pension plan		<u>8,187,002</u>
Total investments per financial statements		<u>\$ 20,679,113</u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**2. Deposits and investments (continued):**

*Investments (continued):*

At December 31, 2015, the nonuniform pension plan investments that exceeded 5% of total net assets include the following:

Large U.S. equity:	
Edge Asset Management, Equity Income Separate Account	\$ 483,910
Principal Global Investors, Large Cap Value Separate Account	503,147
Principal Global Investors, Large Cap S&P Index	460,494
T. Rowe Price/Brown Advisory, Large Cap Growth Separate Account	1,089,805
International equity, Causeway/Barrow Hanley Overseas Separate Account	766,821
Fixed income:	
Mellon Capital Management Bond Index Separate Account	567,068
Principal Global Investors Bond and Mortgage Separate Account	1,688,903
Principal Real Estate Inv., US Properties Separate Account	478,730
Other, Multiple Sub Advisors Global Multi Str Separate Account	493,752

*Interest rate risk:*

The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk:*

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

<u>Investment</u>	<u>Moody's</u>
Money market funds	Unrated

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**2. Deposits and investments (continued):**

*Concentrations:*

The Township's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

**3. Property taxes:**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Discount dates	February 16 - April 15
Face amount dates	April 16 - June 15
Delinquent dates	June 16 - December 31

Real estate taxes were .90 mills for general purposes and .30 mills for fire tax in 2015. Property taxes attach as an enforceable lien on property, as of the date of the tax notice. Delinquent taxes for balance sheet purposes are considered fully collectible, and therefore, no allowance of uncollectible taxes is provided.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**4. Capital assets, governmental activities:**

A summary of governmental activities' capital assets transactions for the year ended December 31, 2015, is as follows:

	Beginning balance	Transfers/ additions	Transfers/ deletions	Ending balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Land	\$ 4,227,228			\$ 4,227,228
Buildings	8,313,719	\$ 302,147		8,615,866
Construction in progress	206,236	94,410	\$ (131,939)	168,707
Storm water system	198,710	90,788		289,498
Infrastructure	35,403,471			35,403,471
Traffic lights	995,824			995,824
Roads	8,299,315	854,997		9,154,312
Signs	2,265			2,265
Curbs and sidewalks	338,967			338,967
Vehicles	1,737,396	155,727	(68,290)	1,824,833
Office furniture and equipment	695,509	22,396		717,905
Machinery and equipment	2,266,549	168,942	(157,500)	2,277,991
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 62,685,189</u>	<u>\$ 1,689,407</u>	<u>\$ (357,729)</u>	<u>\$ 64,016,867</u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**4. Capital assets, governmental activities (continued):**

Accumulated depreciation:

	Beginning balance	Current year depreciation	Transfers/ deletions	Ending balance
Buildings	\$ 2,291,918	\$ 263,425		\$ 2,555,343
Storm water system	58,175	8,251		66,426
Infrastructure	23,490,086	928,481		24,418,567
Traffic lights	835,578	59,779		895,357
Roads	3,417,990	638,129		4,056,119
Signs	462	113		575
Curbs and sidewalks	123,818	13,998		137,816
Vehicles	1,115,248	113,698	\$ (68,290)	1,160,656
Office furniture and equipment	523,721	54,421		578,142
Machinery and equipment	1,300,725	126,043	(157,500)	1,269,268
<b>Totals</b>	<b>\$ 33,157,721</b>	<b>\$ 2,206,338</b>	<b>\$ (225,790)</b>	<b>\$ 35,138,269</b>

	Cost	Accumulated depreciation	Net value
Land	\$ 4,227,228		\$ 4,227,228
Buildings	8,615,866	\$ 2,555,343	6,060,523
Construction in progress	168,707		168,707
Storm water system	289,498	66,426	223,072
Infrastructure	35,403,471	24,418,567	10,984,904
Traffic lights	995,824	895,357	100,467
Roads	9,154,312	4,056,119	5,098,193
Signs	2,265	575	1,690
Curbs and sidewalks	338,967	137,816	201,151
Vehicles	1,824,833	1,160,656	664,177
Office furniture and equipment	717,905	578,142	139,763
Machinery and equipment	2,277,991	1,269,268	1,008,723
<b>Totals</b>	<b>\$ 64,016,867</b>	<b>\$ 35,138,269</b>	<b>\$ 28,878,598</b>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**4. Capital assets, governmental activities (continued):**

Current depreciation expense totaled \$2,206,338 and is charged to each of the functions in the statement of activities as follows:

General government	\$ 212,615
Public works:	
Highway	720,270
Highway (infrastructure)	928,481
Other	252,980
Culture recreation	<u>91,992</u>
 Total	 <u><u>\$ 2,206,338</u></u>

**5. Capital assets, proprietary funds:**

A summary of capital assets of the Sewer fund as of December 31, 2015 is as follows:

	<u>Beginning balance</u>	<u>Transfers/ additions</u>	<u>Transfers/ deletions</u>	<u>Ending balance</u>
Land	\$ 407,251			\$ 407,251
Buildings	2,164,976			2,164,976
Construction in process	45,673	\$ 88,642		134,315
Collection lines	4,675,403	157,809		4,833,212
Pump stations	2,756,805	45,023		2,801,828
Infrastructure	39,393,992			39,393,992
Vehicles	1,105,638	496,904	\$ (341,054)	1,261,488
Office furniture and equipment	162,813			162,813
Machinery and equipment	427,531		(47,965)	<u>379,566</u>
 Totals	 <u><u>\$ 51,140,082</u></u>	 <u><u>\$ 788,378</u></u>	 <u><u>\$ (389,019)</u></u>	 <u><u>\$ 51,539,441</u></u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**5. Capital assets, proprietary funds (continued):**

Accumulated depreciation:

	Beginning balance	Current year depreciation	Deletions	Ending balance
Buildings	\$ 637,579	\$ 51,663		\$ 689,242
Collection lines	1,321,419	187,542		1,508,961
Pump stations	1,115,796	80,822		1,196,618
Infrastructure	11,571,582	465,905		12,037,487
Vehicles	638,574	55,872	\$ (341,054)	353,392
Office furniture and equipment	152,108	2,523		154,631
Machinery and equipment	290,354	24,788	(36,242)	278,900
<b>Totals</b>	<b>\$ 15,727,412</b>	<b>\$ 869,115</b>	<b>\$ (377,296)</b>	<b>\$ 16,219,231</b>

	Cost	Accumulated depreciation	Net value
Land	\$ 407,251		\$ 407,251
Buildings	2,164,976	\$ 689,242	1,475,734
Collection lines	4,833,212	1,508,961	3,324,251
Pump stations	2,801,828	1,196,618	1,605,210
Infrastructure	39,393,992	12,037,487	27,356,505
Vehicles	1,261,488	353,392	908,096
Office furniture and equipment	162,813	154,631	8,182
Machinery and equipment	379,566	278,900	100,666
Construction in process	134,315		134,315
<b>Totals</b>	<b>\$ 51,539,441</b>	<b>\$ 16,219,231</b>	<b>\$ 35,320,210</b>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**6. Compensated absences:**

Employees are allowed to carry over a maximum of 80 hours of unused vacation time, unless the Board of Commissioners approves the carryover of additional time due to circumstances. Upon separation from service, employees are eligible to receive any unpaid vacation pay earned through the last day of work. As of December 31, 2015, the vacation leave liability totaled \$50,416.

Employees are allowed to accumulate a maximum of 1,120 hours of sick leave. Upon retirement, if the employee has accumulated the maximum number of sick days, one-third of those days will be paid to the employee as a retirement benefit. As of December 31, 2015, the total sick time liability was \$275,106.

As of December 31, 2015, the liability for the accrued vacation and sick leave is \$325,522. The amount expected to be paid from current resources is not significant.

A summary of changes in compensated absences is as follows:

	Beginning January 1	Net increases	Balance December 31
Government-wide activities	\$ 215,722	\$ 28,844	\$ 244,566
Business-type activities	76,882	4,074	80,956
	<u>\$ 292,604</u>	<u>\$ 32,918</u>	<u>\$ 325,522</u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan:**

*Description of plan:*

The York Township Nonuniform Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 97-11. The Plan is governed by the Board of Township Commissioners which is responsible for the management of plan assets. The Board of Township Commissioners has delegated the authority to manage certain plan assets to Principal Financial Group. Payroll for nonuniform employees covered by the plan was \$2,189,253 of the Township's total 2015 payroll of \$2,408,488. There is no stand-alone financial report issued for this plan.

Plan membership:

As of December 31, 2015, the pension plan's membership consisted of:

Active employees	45
Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	<u>17</u>
Total	<u>80</u>

A summary of employee eligibility requirements and benefits as of December 31, 2015 is as follows:

**Covered employees:**

All full-time nonuniformed employees

**Eligibility requirements:**

Normal retirement – Attainment of age 60

Early retirement – Attained age 50 and 10 years of vesting service

Vesting – 100% vested after 7 years of vesting service

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

*Description of plan (continued):*

Plan membership (continued):

**Retirement benefit:**

2% of average monthly pay multiplied by years of service. Average monthly pay is based upon the final 36 months of employment.

**Survivor benefit:**

50% of the participant's accrued benefit on date of death if 7 years of vesting service.

**Disability benefit:**

50% of average monthly pay (minimum of \$20/month).

**Member's contributions:**

Amount or rate – currently suspended  
Interest rate credited to members' contributions – 6.5%.

*Funding policy:*

Act 205:

On December 18, 1984, Act 205 was passed into law and is known as the "Municipal Pension Plan Funding Standard and Recovery Act". The act mandates actuarial funding standards, establishes a recovery program for financially distressed pension plans and provides for the distribution of the tax on the premiums of foreign fire insurance companies.

The act requires minimum funding standards based on the most recent actuarial valuation report, including normal cost and administrative expense requirements and an amortization contribution of the unfunded actuarial accrued liability. For financially distressed pension plans, the act provides for delayed implementation of these funding standards over either 10 or 15 years. In addition, supplemental state aid is available to all eligible municipalities and will be paid from the supplemental state assistance account.

## YORK TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### 7. Nonuniform pension plan (continued):

##### *Funding policy (continued):*

##### Funding requirements:

Active members are not currently required to contribute to the plan.

The pension plan may receive an annual allocation from the General Municipal Pension System State Aid Program. The entire proceeds of the insurance premium tax on foreign casualty insurance companies and any investment income earned on those proceeds of the insurance premium tax on foreign fire insurance companies which represent the amount of the distributions applicable to paid firefighters, and any investment income earned on the amount of those distributions are specifically designated for municipal pension plans. Any remaining obligation with respect to the pension plan shall be paid by the municipality.

##### Investment policy:

The investment policy statement sets forth the investment objectives and guidelines that will be applied within the investment program to help ensure that the plan is managed in a manner consistent with the plan document and applicable statutory requirements.

The overall objective of this statement is to provide guidance for the investment of contributions and other plan assets, to help maintain adequate funding for plan liabilities. The primary investment objectives of the plan are as follows:

Return – Obtain a reasonable long-term return on assets consistent with the level of risk assumed. Specific return objectives include asset returns that track the growth of liabilities within a reasonable range and/or exceed the return of a plan specified benchmark index over a market cycle.

Cost – Seek to control the cost of funding the plan within prudent levels of risk through the investment of plan assets.

Diversifications – Provide diversification of assets in an effort to minimize the risk of large losses and maximize the investment return consistent with market and economic risk.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

*Funding policy (continued):*

Investment policy (continued):

The Investment Adviser shall adopt and implement an asset allocation strategy that is based on several factors including:

- The projected liability stream of benefits and the costs of funding to both covered employees and employers;
- The plan's funding level;
- The sensitivity of plan liabilities to interest rate changes;
- The relationship between the current and projected assets of the plan and the projected future liability stream;
- Capital market assumptions;
- The perception of future economic conditions, including inflation and interest rate assumptions;
- The ability of the plan to withstand funding fluctuations.

The asset allocation strategy shall identify target allocations to eligible asset classes and suitable ranges within each asset class:

	<u>Lower limit</u>	<u>Upper limit</u>	<u>Normal target range</u>
Fixed income	0%	100%	20% to 80%
Domestic equities	0%	100%	20% to 80%
International equities	0%	50%	0% to 25%
Real assets strategies	0%	15%	0% to 10%

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

*Funding policy (continued):*

Investment policy (continued):

The following asset classes are permitted for plan asset allocation strategies:

1. Stable
2. Fixed income
3. Real assets
4. U.S. stock
5. Non-U.S. stock

Net pension liability:

The Township's net pension liability was measured as of December 31, 2015, and the total net pension liability was determined by rolling forward the liabilities from an actuarial valuation as of December 31, 2014. 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 December 31, 2014 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

- Inflation – 3.00%
- Salary increases – 4.75% (average, including inflation)
- Investment rate of return – 7.75% (including inflation)
- Postretirement cost of living increase – 0.00%

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

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

The following is a summary of the nonuniformed Pension Plan's net dollar-weighted rates of investment return on a market value basis for the two most recent available calendar years:

	<u>2015</u>	<u>2014</u>
Market value of assets	(0.80) %	5.8 %

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	44%	5.50% - 7.50%
International equity	18%	4.50% - 6.50%
Fixed income	33%	1.00% - 3.00%
Real estate	5%	4.50% - 6.50%

*Discount rate:*

The discount rate used to measure the total pension liability was 7.75%. 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.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

Changes in the nonuniformed net pension liability:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net position liability (a) - (b)
Balances at December 31, 2014	<u>\$ 8,452,466</u>	<u>\$ 8,021,849</u>	<u>\$ 430,617</u>
Service cost	193,588		193,588
Interest cost	662,249		662,249
Contributions - employer		460,930	(460,930)
Net investment income		(93,962)	93,962
Benefit payments, including refund of member contributions	<u>(201,815)</u>	<u>(201,815)</u>	
Net changes	<u>654,022</u>	<u>165,153</u>	<u>488,869</u>
Balance at December 31, 2015	<u><u>\$ 9,106,488</u></u>	<u><u>\$ 8,187,002</u></u>	<u><u>\$ 919,486</u></u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

*Sensitivity of the nonuniformed 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 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1.00% point lower or 1.00% point higher than the current rate:

	1% Decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Plan's net pension liability	\$ 1,945,141	\$ 919,486	\$ 48,153

*Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:*

For the year ended December 31, 2015, the Township recognized pension expense of \$369,242. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	<u>\$ 580,557</u>	<u>\$ -</u>

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**7. Nonuniform pension plan (continued):**

*Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued):*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	
2016	\$ 145,139
2017	145,139
2018	145,139
2019	145,140

**8. Other postemployment benefits:**

On March 10, 1998, York Township adopted Resolution 98-5: *Postemployment Health Plan for Public Employees*.

This defined contribution plan is intended to pay 50% of medical premiums, until Medicare eligibility, for the medical benefits of an employee and his or her spouse in situations where the employee retires prior to age 65. Also, the plan pays for prescribed medication, dental and vision coverage, until Medicare eligibility for the employee and the spouse.

*Eligibility:*

All nonuniform employees that are full-time employees of York Township are eligible. Participation begins on the first day of a calendar month following the later of (a) the date on which the employee becomes eligible or (b) the effective date of York Township's participation agreement.

## **YORK TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

#### **8. Other postemployment benefits (continued):**

##### *Contributions:*

##### Employer contributions:

York Township shall contribute to the plan on a periodic basis on behalf of each participant an amount equal to the amount specified in the employee handbook to fund a postemployment health plan reimbursement account(s) for unreimbursed qualifying medical care expenses and/or health care insurance premium reimbursements. Employees are not required to contribute. York Township contributed \$39,128 in 2015.

##### Individual accounts for contributions:

The amount York Township contributes on the employees' behalf is placed in a trust maintained by the plan's trustee, LaSalle National Bank. The administrator maintains a separate subaccount for contributions made on the employees' behalf to reimburse qualified postemployment health care expenses. The account consists of employer contributions, investment returns and any forfeitures allocated. Accounts are charged for amounts reimbursed and plan administrative fees. Employees and their dependents may not receive reimbursements from the employee's account for any reason prior to the employee's separation of service from York Township.

##### *Benefits:*

##### Postemployment health benefits:

Upon separation of service from York Township, employees have the right to seek reimbursement of out-of-pocket qualifying medical or health care expenses incurred by employees and their dependents after such termination. Benefit payments are limited to the amounts in a participant's account.

##### Postemployment health plan value:

The fair value of participating employee accounts at December 31, 2015 is \$890,724.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**9. Risk management:**

The Township is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets: errors and omissions: injuries to employees and natural disasters. The Township maintains commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

In May 2005, the Township began participating in the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). PMHIC is a public entity risk pool established by certain units of local government in Pennsylvania to provide health and welfare plan benefits directly to eligible employees, their families and dependents. The PMHIC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. The Township does not exercise any control over the activities of the PMHIC beyond its representation on the Board of Directors.

Under the trust plan, the Township pays reasonable and customary healthcare expenses. For the year ended December 31, 2015, the Township paid premiums of \$727,270. Actual claims paid for the year ended December 31, 2015 were \$497,199.

**10. Interfund activity:**

Individual fund receivable and payable balances consist of the following:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund		\$ 30,053
Intermunicipal Fund	\$ 130,161	
Sewer Fund	23,028	127,436
Sewer Capital Reserve Fund	11,193	
Capital Projects Fund	<u>4,300</u>	<u>11,193</u>
Total	<u>\$ 168,682</u>	<u>\$ 168,682</u>

The amounts between the sewer fund and the intermunicipal sewer fund represent the fourth quarter billing of the Mill Creek interceptor.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**11. Interfund transfers:**

Operating transfers in/out to other funds consist of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		\$ 330,328
Capital Projects Funds	\$ 330,328	
Sewer Fund	766,426	1,089,122
Sewer Capital Reserve Fund	<u>1,089,122</u>	<u>766,426</u>
Total	<u>\$ 2,185,876</u>	<u>\$ 2,185,876</u>

The general fund transfer of \$330,328 pertains to current year capital asset additions. Also, the transfer from the sewer fund of \$322,696 to the sewer capital reserve fund represents funds to be used for future capital asset additions.

**12. Sewer Fund - intermunicipal deposits:**

The Township has an agreement with Springettsbury Township for the processing of sewage waste which flows to their facility from the Township. Deposits are required by the Township and eight other municipalities that participate in the agreement to defer the cost of future capital improvements to the sewer system. As of December 31, 2015, the Township's portion of the deposits totaled approximately \$1,227,500.

The Township also participates in a similar arrangement for the transportation of sewage waste with the City of York. This arrangement includes reserve accounts. As of December 31, 2015, the Township's portion of the deposits totaled approximately \$1,319,000.

**YORK TOWNSHIP**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

**13. Adoption of new accounting principles:**

Effective January 1, 2015, the Township adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The new standards revise and establish new financial reporting requirements for pension benefits provided for employees. The following is the adjustment to net position:

	Governmental activities	Business-type activities	Sewer fund
Beginning net position as previously reported, December 31, 2014	\$ 43,092,824	\$ 49,296,993	\$ 41,051,632
Prior period adjustment - implementation of GASB 68, net pension liability (measurement date)	(319,232)	(111,385)	(111,385)
Net position as restated, January 1, 2015	\$ 42,773,592	\$ 49,185,608	\$ 40,940,247

**YORK TOWNSHIP**  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 BUDGET TO ACTUAL – GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted amounts original and final</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>Revenues:</b>			
Taxes	\$ 8,785,510	\$ 9,433,478	\$ 647,968
Licenses and permits	431,266	453,492	22,226
Fines and forfeitures	140,015	168,312	28,297
Charges for services	604,152	632,992	28,840
Interest	35,700	49,829	14,129
Intergovernmental revenues	720,225	736,887	16,662
Other revenue	<u>2,920</u>	<u>3,062</u>	<u>142</u>
 Total revenues	 <u>10,719,788</u>	 <u>11,478,052</u>	 <u>758,264</u>
<b>Expenditures:</b>			
General government	1,304,843	1,204,549	100,294
Public safety	6,114,025	5,951,630	162,395
Public works, sanitation	16,000	14,503	1,497
Public works, highways	2,039,474	1,899,756	139,718
Culture and recreation	<u>912,154</u>	<u>726,286</u>	<u>185,868</u>
 Total expenditures	 <u>10,386,496</u>	 <u>9,796,724</u>	 <u>589,772</u>
 Excess of revenues over expenditures	 333,292	 1,681,328	 1,348,036
 Other financing uses, operating transfers out	 <u>(330,328)</u>	 <u>(330,328)</u>	 <u>-</u>
 Net change in fund balances	 <u>\$ 2,964</u>	 1,351,000	 <u>\$ 1,348,036</u>
<b>Fund balances:</b>			
Beginning		<u>7,355,496</u>	
Ending		<u>\$ 8,706,496</u>	

**YORK TOWNSHIP  
NONUNIFORM PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2015

	2015
Total pension liability:	
Service cost	\$ 193,588
Interest	662,249
Benefit payments, including refunds of member contributions	(201,815)
Net change in total pension liability	654,022
Total pension liability:	
Beginning of year	8,452,466
End of year (a)	\$ 9,106,488
Plan fiduciary net position:	
Contributions, employer	\$ 460,930
Net investment income	(93,962)
Benefit payments, including refunds of member contributions	(201,815)
Net change in plan fiduciary net position	165,153
Total fiduciary net position:	
Beginning of year	8,021,849
End of year (b)	\$ 8,187,002
Net position liability (asset), end of year (a) - (b)	\$ 919,486
Plan fiduciary net position as a percentage of the total pension liability	89.90%
Covered employee payroll	\$ 2,189,258
Net pension liability as a percentage of covered employee payroll	42.00%

**YORK TOWNSHIP  
NONUNIFORM PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF TOWNSHIP CONTRIBUTIONS AND MONEY WEIGHTED RATE OF RETURN

YEAR ENDED DECEMBER 31, 2015

Description	2015
Actuarially determined contribution	\$ 460,930
Contributions in relation to the actuarially determined contribution	460,930
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 2,189,258
Total contributions made as a percentage of payroll	21.05%
Effective January 1, 1994, members are not required to contribute to the plan.	
Past member contributions are credited with 6.5% interest.	
Money weighted rate of return	(0.80)%

**YORK TOWNSHIP  
NONUNIFORM PENSION PLAN**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2015

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the financial year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	11 years
Asset valuation method:	Market value of assets as determined by the trustee
Inflation:	3.00%
Salary increases:	4.75%
Investment rate of return:	7.75%
Retirement age:	Normal retirement age
Mortality:	RP2000 Table. This table does not include projected mortality improvements.
Changes in benefit terms:	None since 1/1/2013.

**YORK TOWNSHIP**

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

ASSETS

	<u>Liquid fuels</u>	<u>Street lighting tax</u>	<u>Impact fees</u>	<u>Total</u>
Cash and cash equivalents	\$ 602,580	\$ 39,282	\$ 1,802,242	\$ 2,444,104
Receivables		57		57
	<u>\$ 602,580</u>	<u>\$ 39,339</u>	<u>\$ 1,802,242</u>	<u>\$ 2,444,161</u>

LIABILITIES AND FUND BALANCE

Liabilities, accounts payable		\$ 227		\$ 227
Fund balance	<u>\$ 602,580</u>	<u>39,112</u>	<u>\$ 1,802,242</u>	<u>2,443,934</u>
	<u>\$ 602,580</u>	<u>\$ 39,339</u>	<u>\$ 1,802,242</u>	<u>\$ 2,444,161</u>

**YORK TOWNSHIP**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2015

	<u>Liquid fuels</u>	<u>Street lighting tax</u>	<u>Impact fees</u>	<u>Total</u>
Revenues:				
Taxes		\$ 5,043		\$ 5,043
Interest	\$ 871	39	\$ 1,656	2,566
Intergovernmental revenues	742,787			742,787
Impact fees			250,085	250,085
	<u>743,658</u>	<u>5,082</u>	<u>251,741</u>	<u>1,000,481</u>
Total revenues				
Expenditures:				
Capital projects	8,177			8,177
Public works, highways	650,000			650,000
Refund of prior year revenues			49,196	49,196
Utilities, electricity		2,397		2,397
	<u>658,177</u>	<u>2,397</u>	<u>49,196</u>	<u>709,770</u>
Total expenditures				
Net change in fund balances	85,481	2,685	202,545	290,711
Fund balances:				
Beginning	<u>517,099</u>	<u>36,427</u>	<u>1,599,697</u>	<u>2,153,223</u>
Ending	<u>\$ 602,580</u>	<u>\$ 39,112</u>	<u>\$ 1,802,242</u>	<u>\$ 2,443,934</u>

**YORK TOWNSHIP**

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 2015

ASSETS

	Recreation capital reserve	Storm water management	Capital reserve funds	Total
Cash and cash equivalents	\$ 203,649	\$ 917,644	\$ 497,309	\$ 1,618,602
Investments			2,215,870	2,215,870
Due from other funds			4,300	4,300
	<u>\$ 203,649</u>	<u>\$ 917,644</u>	<u>\$ 2,717,479</u>	<u>\$ 3,838,772</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 6,360	\$ 7,958	\$ 54,530	\$ 68,848
Due to other funds			11,193	11,193
Total liabilities	6,360	7,958	65,723	80,041
Fund balance	<u>197,289</u>	<u>909,686</u>	<u>2,651,756</u>	<u>3,758,731</u>
	<u>\$ 203,649</u>	<u>\$ 917,644</u>	<u>\$ 2,717,479</u>	<u>\$ 3,838,772</u>

**YORK TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
CAPITAL PROJECTS FUNDS**

YEAR ENDED DECEMBER 31, 2015

	<u>Recreation capital reserve</u>	<u>Storm water management</u>	<u>Capital reserve funds</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:					
Charges for services	\$ 22,900	\$ 66,386			\$ 89,286
Interest	335	981	\$ 23,330		24,646
Other			315		315
Intergovernmental revenues			6,214		6,214
	<hr/>	<hr/>	<hr/>		<hr/>
Total revenues	23,235	67,367	29,859		120,461
	<hr/>	<hr/>	<hr/>		<hr/>
Expenditures:					
General government			81,101		81,101
Public works, highways			86,318		86,318
Public works, storm water and flood control		43,702	84,756		128,458
Other public works			321,782		321,782
Culture recreation	200,850		184,566		385,416
	<hr/>	<hr/>	<hr/>		<hr/>
Total expenditures	200,850	43,702	758,523		1,003,075
	<hr/>	<hr/>	<hr/>		<hr/>
Excess (deficiency) of revenues over expenditures	<u>(177,615)</u>	<u>23,665</u>	<u>(728,664)</u>		<u>(882,614)</u>
Other financing sources (uses):					
Proceeds from sale of fixed assets			38,657		38,657
Operating transfers out		(80,000)		\$ 80,000	-
Operating transfers in			410,328	(80,000)	330,328
		<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)		(80,000)	448,985	-	368,985
		<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(177,615)	(56,335)	(279,679)	-	(513,629)
Fund balances:					
Beginning	374,904	966,021	2,931,435		4,272,360
	<hr/>	<hr/>	<hr/>		<hr/>
Ending	<u>\$ 197,289</u>	<u>\$ 909,686</u>	<u>\$ 2,651,756</u>	<u>\$ -</u>	<u>\$ 3,758,731</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**YORK TOWNSHIP**

COMBINING BALANCE SHEET – SEWER FUND AND WATER AND SEWER AUTHORITY

YEAR ENDED DECEMBER 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Sewer fund	Water and Sewer Authority	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Current assets:			
Cash and cash equivalents	\$ 2,282,882	\$ 5,669	\$ 2,288,551
Investments	1,534,735		1,534,735
Accounts receivable	602,673		602,673
Due from other funds	23,028		23,028
Prepaid expenses	3,368		3,368
Intermunicipal deposits	<u>2,546,921</u>		<u>2,546,921</u>
 Total current assets	<u>6,993,607</u>	<u>5,669</u>	<u>6,999,276</u>
 Capital assets:			
Land	407,251		407,251
Buildings	2,164,976		2,164,976
Construction in progress	134,315		134,315
Collection lines	4,833,212		4,833,212
Pump stations	2,801,828		2,801,828
Infrastructure	39,393,992		39,393,992
Vehicles	1,261,488		1,261,488
Office furniture and equipment	162,813		162,813
Machinery and equipment	379,566		379,566
Accumulated depreciation	<u>(16,219,231)</u>		<u>(16,219,231)</u>
 Capital assets, net of depreciation	<u>35,320,210</u>		<u>35,320,210</u>
 Deferred outflows of resources, pensions	<u>150,169</u>		<u>150,169</u>
 Total assets and deferred outflows of resources	<u><u>\$ 42,463,986</u></u>	<u><u>\$ 5,669</u></u>	<u><u>\$ 42,469,655</u></u>

## LIABILITIES AND NET POSITION

	Sewer fund	Water and Sewer Authority	Total
<b>Current liabilities:</b>			
Accounts payable	\$ 61,906		\$ 61,906
Payroll deductions and withholdings	12,820		12,820
Due to other funds	127,436		127,436
Other current liabilities	289,307		289,307
Total current liabilities	491,469		491,469
<b>Noncurrent liabilities:</b>			
Compensated absences	72,187		72,187
Net pension liability	237,837		237,837
Total liabilities	801,493		801,493
 <b>Net position:</b>			
Investment in capital assets	35,320,210		35,320,210
Unrestricted	6,342,283	\$ 5,669	6,347,952
Total net position	41,662,493	5,669	41,668,162
	\$ 42,463,986	\$ 5,669	\$ 42,469,655

**YORK TOWNSHIP**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
SEWER FUND AND WATER AND SEWER AUTHORITY

YEAR ENDED DECEMBER 31, 2015

	<u>Sewer fund</u>	<u>Water and Sewer Authority</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Rental and service charges	\$ 5,925,943			\$ 5,925,943
Connection and tapping fees	190,135			190,135
Other	<u>82,360</u>	\$ 7,500	\$ (7,500)	<u>82,360</u>
Total operating revenues	6,198,438	7,500	(7,500)	6,198,438
Operating expenses, operations of facilities	<u>4,304,515</u>	<u>6,943</u>	<u>(7,500)</u>	<u>4,303,958</u>
Net operating income (loss) before depreciation	1,893,923	557	-	1,894,480
Depreciation	<u>869,115</u>			<u>869,115</u>
Net operating income (loss)	1,024,808	557	-	1,025,365
Nonoperating revenue, earnings on investments	<u>20,134</u>			<u>20,134</u>
Net income (loss) before operating transfers	1,044,942	557	-	1,045,499
Operating transfers:				
Transfers in	766,426			766,426
Transfers out	<u>(1,089,122)</u>			<u>(1,089,122)</u>
Change in net position	722,246	557	-	722,803
Net position:				
Beginning, restated	<u>40,940,247</u>	<u>5,112</u>		<u>40,945,359</u>
Ending	<u>\$ 41,662,493</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 41,668,162</u>