

**SPRINGFIELD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2022

SPRINGFIELD TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Springfield Township
Montgomery County, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Township (Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter-Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Township implemented the provisions of Governmental Accounting Standards Board Statements No. 87, Leases, for the year ended December 31, 2022, which represents changes in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the historical trend information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
November 7, 2023

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

The preparation of a summary statement entitled “Management Discussion and Analysis” is a required element of the report model adopted by the Governmental Accounting Standards Board (GASB). Its purpose is to provide an overview of the financial activities of Springfield Township based upon currently known facts, or conditions. As management of Springfield Township, we offer readers of the Township’s financial statements this narrative overview of financial activities for the fiscal year ended December 31, 2022. Please read the analysis in conjunction with the Township’s financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022

Government-Wide Financial Statements (Full Accrual)

The assets and deferred outflows of Springfield Township exceeded its liabilities and deferred inflows at the close of fiscal year 2022 by \$48.7 million (total net position). Of this amount, \$11.5 million, unrestricted net position, may be used to meet the government’s obligations to citizens and creditors.

Fund Financial Statements (Modified Accrual)

At year-end, the Township’s total governmental funds reported a fund balance of approximately \$14.5 million.

The Township’s General Fund had total revenues of \$18,145,114 generated in tax and other revenues compared with total expenditures of \$14,389,338, providing an excess of revenues over expenditures of \$3,755,776 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net increase in fund balance of \$2,296,575 at year’s end.

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)

The financial statements are prepared in conformity with the Generally Accepted Accounting Principles (GAAP) with the exception of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual, which is prepared on a cash basis as opposed to an accrual basis. “Cash Basis” is defined as “a method of bookkeeping by which revenues and expenditures are recorded when they are received and paid”. “Accrual Basis” is defined as “a method of accounting that recognizes revenue when earned, rather than when collected, and expenses when incurred, rather than when paid”.

General Fund expenditures came in \$430,006 or 3.0% more than the adopted budget, while revenues exceeded budget expectations by \$1,728,089 or 10.5%. Revenue categories that surpassed expectations include real estate transfer taxes, business and mercantile taxes, earned income taxes, local services tax, licenses and permits, fines and forfeitures, intergovernmental revenues, charges for services and miscellaneous revenues. Real Estate Taxes, which are the single largest source of revenue, were just below budget projections by \$4,060 or 0.1%.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (page 18) and the Statement of Activities (pages 19-20) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements begin on page 18. For governmental activities, these statements indicate how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting on the Township as a Whole

Our analysis of the Township as a whole begins on page 18. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Springfield Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

The Statement of Net Position and Statement of Activities report on the Township's net position and on changes within it, respectively. The Township's net position is the difference between its assets and liabilities. One can use net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position are one indicator of whether its financial condition is improving or deteriorating. Other non-financial factors will need to be considered, for example, changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, the Township presents its governmental activities. Most of the Township's basic services are reported here, including general administration, licenses and permits, police and emergency services, public works, sanitation, sewer, library, and parks and recreation. Property taxes, local enabling taxes such as earned income, business privilege and mercantile taxes, user fees and state and local grants finance most of these activities.

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 21 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other funds.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Springfield Township has two kinds of funds:

- Governmental Funds - Most of the Township's basic services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The Township's major government funds include the general fund, sewer reserve fund, and capital reserve fund.
- Fiduciary Funds - The Township is the trustee, or *fiduciary*, for its employees' pension plans. It also serves as the administrator, or agent, of the Montgomery County Recycling Consortium Recycling Fund. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure such as roads, bridges, sewers etc.) have not been reported nor depreciated in government financial statements. GASB requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or, (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every three years), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has chosen to depreciate assets over their useful life. If a road project is considered maintenance, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021 Restated</u>
Current and other assets	\$ 18,960,351	\$ 19,444,962
Capital assets	<u>43,828,032</u>	<u>44,132,376</u>
Total Assets	<u>62,788,383</u>	<u>63,577,338</u>
Deferred Outflows of Resources	<u>7,343,185</u>	<u>3,901,380</u>
Long-term liabilities	16,062,607	10,849,905
Other liabilities	<u>3,532,768</u>	<u>1,025,589</u>
Total Liabilities	<u>19,595,375</u>	<u>11,875,494</u>
Deferred Inflows of Resources	<u>1,860,560</u>	<u>7,967,020</u>
Net Position:		
Invested in capital assets, net of debt	36,228,032	36,047,376
Restricted	945,996	879,815
Unrestricted	<u>11,501,605</u>	<u>10,709,013</u>
Total Net Position	<u>\$ 48,675,633</u>	<u>\$ 47,636,204</u>

For more detailed information, see the Statement of Net Position on page 18.

Net position may serve over time as a useful indicator of a government's financial position. For 2022, Springfield Township's assets exceeded liabilities by \$48.7 million. The largest portion of the Township's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used; it also is reported net of the related outstanding debt. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

In comparing the 2022 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately \$1.04 million. Current and other assets decreased by \$484,611; invested in capital assets, net of debt increased by \$180,656; and restricted net position increased by \$66,181.

Due to fluctuations in the actuarial determined pension and other post-employment benefits liabilities, deferred outflows of resources increased by \$3.44 million; long-term liabilities increased by \$5.21 million; and deferred inflows decreased by \$6.11 million.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Normal Impacts - Transactions

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities - impacts (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - increases current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - reduces current assets and increases capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital - (a) reduces current assets and increases capital assets and, (b) reduces unrestricted net position and increases invested in capital assets, net of debt.

Principal Payment on Debt - (a) reduces current assets and long-term debt and, (b) reduces unrestricted net position and increases invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation - reduces capital assets and invested in capital assets, net of debt.

Current Year Impacts - Transactions

The primary impact for governmental activities would be categorized as a net result of activity. In 2022 the Township experienced an increase in net position of \$1.04 million. The following chart shows the revenues and expenses of the governmental activities:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021 Restated</u>
REVENUES		
Program revenues:		
Charges for services	\$ 2,857,815	\$ 2,836,688
Operating grants and contributions	1,423,773	1,322,198
Capital grants and contributions	475,573	215,195
General revenues:		
Property taxes	6,016,496	5,859,516
Other taxes	7,581,795	6,730,634
Grants and contributions not restricted to specific programs	12,160	11,502
Investment income	(270,635)	(71,687)
Gain (loss) on sale/retirement of assets	(9,834)	(122,613)
Miscellaneous	1,441,210	1,412,116
Total Revenues	<u>\$ 19,528,353</u>	<u>\$ 18,193,549</u>

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

EXPENSES

Administration	\$ 5,422,420	\$ 5,300,497
Licenses and permits	482,170	384,644
Police and emergency service	5,976,832	4,154,418
Public works	2,852,481	2,414,980
Sanitation and recycling	1,571,538	1,535,639
Library	944,278	908,539
Parks and recreation	<u>1,239,205</u>	<u>1,318,834</u>
Total Expenses	<u>18,488,924</u>	<u>16,017,551</u>
Change in Net Position	1,039,429	2,175,998
Net Position - Beginning	<u>47,636,204</u>	<u>45,460,206</u>
Net Position - Ending	<u>\$ 48,675,633</u>	<u>\$ 47,636,204</u>

In 2022, the revenue category property taxes increased by \$156,980 (2.7%) due to an increase in the Township's assessed valuation associated with new home construction.

The revenue category Other Taxes increased by \$851,161 due principally to increases in the real estate transfer tax due and earned income tax. Investment income for year was a loss of \$270,635 as a result of unrealized losses in the TD Wealth Account.

Expenses related to administration increased by \$122,000 (2.3%), while parks and recreation saw a decrease of \$79,629 (6.0%) in 2022. Other significant fluctuations include an increase in public works expenses of \$437,501 (18.1%) due to purchasing replacement equipment and increased costs for fuel and contracted services. There was also an increase in police and emergency services of \$1.8 million (43.9%), relating to Hurricane Ida damage repairs/remediation, and capital equipment for the police department. Also included is the hiring of 3 replacement officers.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Normal Impacts - Revenues and Expenses

There are eight basic impacts on revenues and expenses as reflected below.

Revenues

Economic Condition - can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, mercantile or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township Approved Rates - while certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase or decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue - certain recurring revenues (state shared revenues) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income - the Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

Introduction of New Programs - within the functional expense categories individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel - changes in service demand may cause the Board of Commissioners to increase or decrease authorized staffing levels. Staffing costs represent the largest portion of the Township's program expenses.

Salary Increases (annual adjustments and merit) - the ability to attract and retain human resources requires Springfield Township to strive to approach a competitive salary and range position in the marketplace. Collective bargaining agreements negotiated or settled through arbitration further influence salary expenses associated with police and public works employees.

Inflation - while overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities, supplies, fuels and parts. Some functions, such as petroleum-based fuels (diesel, gasoline) and materials (asphalt), and road salt, may experience commodity specific increases.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Current Year Impacts – Revenues and Expenses

Governmental Activities

For the fiscal year ended December 31, 2022, revenues for governmental activities totaled \$19.5 million. The township's largest revenue source was the category other taxes, of which \$7.5 million (38.8%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The second largest revenue category was property taxes, which included \$6.0 million (30.8%) in receipts. The third largest revenue source was the category charges for services. The Township collected \$2.8 million (14.6%) in refuse service fees, building permits, and activity fees for parks and recreation programs. The fourth largest revenue source, miscellaneous \$1.4 million (7.4%) The fifth ranked revenue source was the operating grants and contributions Other category was for \$1,423,773 (7.3%).

For the 2022 fiscal year, expenses for government activities totaled \$18.4 million, representing an increase of \$2.4 million from the prior year. As the table on page 10 indicates, activities funded for the police and emergency services constitute the single largest program expense at \$6.0 million (32.3%). The second largest program expense is Administration at \$5.4 million (29.3% of total expenses). Public works expenses are the third largest expense category at \$2.9 million (15.4%). Sanitation and recycling expenses are the next largest program expense at \$1.6 million (8.5%). Parks and recreation expenses were \$1.2 million (6.7%), Library expenditures were \$944,278 (5.1%), and licenses and permits were \$482,170 (2.6%).

The increase in governmental expenses over the prior year is primarily a result of operations resuming to pre-COVID levels. Other major increases were related to severe weather events (including the remnants of Hurricane Ida and several winter storms) requiring the services of public works. Police and emergency services also increase as replacement officers were hired following the resignation of one officer and the pending retirement of two officers, one in 2023 & one in 2024. These increases are slightly offset with decreases in spending by library services.

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2022, revenues exceeded expenses by \$1.04 million, resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$48.7 million.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

General Fund Budgetary Highlights

The Government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed General Fund expenses to come in slightly over budget, with total expenditures \$430,006 (3.1%) more than budget. Total revenues exceeded budget estimates by \$1,728,089 (10.5%), resulting in an excess of revenues over expenses of \$1,298,083 before other financing sources and uses. The additional revenues can be attributed to better than expected receipts for earned income tax, charges for services, miscellaneous revenues, real estate transfer, business privilege and mercantile tax collections, real estate tax, local services receipts, licenses and permits, and intergovernmental services. These increases were offset by a decrease in interest & rents. Please refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, on page 25, for detailed information.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the Township had \$43.8 million invested in a broad range of capital assets, including land, buildings, equipment, park facilities, roads, bridges, and storm sewer lines. Capital Asset Activity for the year 2022 is presented in detail on pages 39 and 40 of the Notes section.

	Beginning Balance		Net Additions (Deletions)		Ending Balance	
	<u>1/1/22</u>	<u>1/1/21</u>	<u>2022</u>	<u>2021</u>	<u>12/31/22</u>	<u>12/31/21</u>
Non-Depreciable Assets						
Land and easements	\$ 4,446,627	\$ 4,446,627	\$ -	\$ -	\$ 4,446,627	\$ 4,446,627
Construction in progress	849,130	757,239	67,486	91,891	916,616	849,130
Other Capital Assets						
Land improvements	5,021,916	5,015,522	239,444	6,394	5,261,360	5,021,916
Buildings and improvements	30,904,353	30,853,127	38,264	51,226	30,942,617	30,904,353
Machinery and equipment	1,679,772	1,640,235	(84,685)	39,537	1,595,087	1,679,772
Vehicles	3,697,888	3,615,167	316,621	82,721	4,014,509	3,697,888
Library collection	3,031,290	2,951,091	79,181	80,199	3,110,471	3,031,290
Infrastructure	14,740,609	14,398,100	312,397	342,509	15,053,006	14,740,609
Less: accumulated depreciation on capital assets	<u>(20,239,209)</u>	<u>(18,540,447)</u>	<u>(1,273,052)</u>	<u>(1,698,762)</u>	<u>(21,512,261)</u>	<u>(20,239,209)</u>
Totals	<u>\$ 44,132,376</u>	<u>\$ 45,136,661</u>	<u>\$ (304,344)</u>	<u>\$ (1,004,285)</u>	<u>\$ 43,828,032</u>	<u>\$ 44,132,376</u>

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2022, the Township closed out several public projects including the Mermaid Park pond dredging, trail construction and stream bank stabilization projects, installation of guiderail along Bridge Street, installation of School Zone Flashers at Paper Mill & Montgomery, and the continued monitoring of environmental concerns at the former Tank Car Corporation of America property on Walnut Avenue. The Township also continued its annual street resurfacing program and performed traffic signal upgrades, bridge repairs, storm sewer improvements and routine vehicle and equipment replacement.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Debt

The Commonwealth of Pennsylvania sets the borrowing limit, called the “Borrowing Base”, of the Township through the State Local Government Unit Debt Act. The Township’s “Borrowing Base”, is calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years. At the end of 2022, the Township’s level of outstanding debt was \$7,600,000, and well below its “Borrowing Base” capacity of just over \$17,000,000 (last calculated in 2017).

General Obligation Notes

Springfield Township issues general obligation notes for the purpose of obtaining funds for the acquisition, construction and improvement of facilities. General obligation notes are direct obligations and pledge the full faith and credit of the government.

In 2020, the Township refinanced a general obligation note that was issued in 2016. The 2020 Note was issued in the amount of \$8,786,000 at a rate of 1.55%. The term of the Note is 16 years. The 2016 Note was utilized to refinance general obligation notes issued in 2014 and 2015. The 2014 note was utilized for the reconstruction of the East Mill Road Bridge. The 2015 note was issued to provide funding for the purchase and renovation of a former church, and to provide financing for the township’s municipal campus project. Payments are due twice a year on the 1st day of April and October.

Tax Anticipation Notes

The Township typically obtains a tax anticipation note to provide funds for operating activities in anticipation of the receipt of tax revenues during the current year. As part of the 2022 budget process, the Township solicited proposals from several local banks but could not find a proposal that allowed for prepayment of the debt before year end. Accordingly, the township chose to self-finance their operating activities instead.

Detailed schedules of the Township’s long-term debt are found on pages 40-41 of the notes section.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The elected officials of Springfield Township consider many factors when establishing budget appropriations, tax rates and fee schedules. The 2022 budget was prepared with the concept of maintaining the same general level of service as in previous years, with minor variations as discussed by the Board of Commissioners throughout the prior year. Examples of such variations include the installation of new school zone warning signals along Paper Mill Road, the monitoring of environmental concerns at the former Tank Car property on Walnut Avenue (which is to be redeveloped for recreation purposes), and sidewalk improvements. Public safety improvements included minor upgrades to the township's traffic signal system, installation of a perimeter fence around the police parking lot, communications and other police equipment including body armor, Taisr's and the replacement of four police vehicles. A new public works pickup truck and a zero-turn lawn mower were also purchased to replace equipment that had exceeded its useful life. These projects were funded utilizing a combination of capital reserve funds and in the case of the school signals, government grants.

The 2022 Real Estate Tax rates remained at 4.516 mills from the 2021 rate.

The refuse service fee, which was increased by \$3.19 in 2018 and \$8.58 in 2019 due to increases in employee wages and waste disposal fees, increased again in 2021. The 2021 refuse fee increased by \$8.62 per household due to the continued increase of waste and recycling disposal fees as well as a decrease in the resale value of certain processed recyclables collected in the Township. The 2022 rate decreased by \$6.32 due to a reduction of cost to process and market recyclables. The sale of the Township's sanitary sewer system in 2015 to the Bucks County Water & Sewer Authority (BCWSA) eliminated the receipts and expenses associated with the operation of the sewer system from the township's annual operating budget. Accordingly, the budget no longer reflects sewer rental income or expense.

When the 2022 real estate tax and refuse service fee is combined, the typical household realized a decrease of \$6.32, or 0.62% over the combined 2021 real estate tax and refuse fee. The 2022 year-end financials saw general fund revenues exceed budget estimates by \$1,728,089 or 10.5%. Individual revenue categories that surpassed expectations included real estate transfer, business privilege, mercantile, and earned income taxes. When combined under the category "other taxes", these taxes represented the single largest revenue source. Real estate taxes constituted the township's second largest revenue category, accounting for \$6.0 million in receipts.

Interest and rent was less than expected by \$43,045 in 2022, due to lower interest rates on investments and pandemic influenced rental income. The only other revenue source that did not meet projections was the real estate tax, which was \$4,060 less than anticipated. All other revenue sources exceeded projections.

General Fund expenses in 2022 were slightly more than projected, coming in at just \$430,006 or 3.1% over budget. Operating expenditures related to parks & recreation, library, sanitation, general government, highway, public safety, and miscellaneous expenses were 8.4%, 6.6%, 6.3%, 5.0%, 4.4%, 1.7%, and 0.6% more than expected, respectively.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

In September 2021, President Biden declared that the COVID-19 pandemic was over, although some impacts are still being experienced by certain industries, and inflation is at its highest in over 40 years. The effects of the pandemic, and the resulting economic recovery, continue to negatively affect financial markets worldwide. Although the Township is hopeful that the worst of these impacts are over, it cannot predict exactly how it's long-term financial condition or operations will be impacted. To-date the Township has largely continued its normal operations, and has not seen significant changes to overall assessed value levels or increases in tax deferrals. To the contrary, the local real estate market has seen robust sales and record prices, and receipts from the earned income and business privilege taxes continue to exceed prior year revenues. In addition, building permits remain strong.

The 2022 real estate tax rate remained flat from 2021 at the millage rate of 4.516 mills. In 2023 the real estate tax rate will remain unchanged. Receipts from the real estate transfer and business privilege taxes are expected to remain the same, while receipts for the earned income tax, local services tax and mercantile tax are projected to increase modestly. These projections are based upon the township's most recent collection history, together with estimates provided by the parties responsible for collecting the taxes.

The 2023 general operating budget will be \$383,946 or 2.2% more than the 2022 adopted budget. The increase of 2.2% can be attributed to an increase in capital project expenditures, including debt service payments, vehicle and equipment replacements, and improvements to parks and recreation facilities. Additional increases will be associated with employee wages, medical benefits and contributions to the volunteer fire companies. These increases are offset to some extent by reductions to pension expenses, recycling disposal fees, street lighting, and engineering expenses.

The refuse service fee, which decreased by \$6.32 per household in 2022, will increase by \$12.56 per household in 2023 due to an increase in the costs to process and market recyclables. In 2022 the Montgomery County Recycling Consortium awarded a new contract for the processing of recyclables that will yield a savings of \$35 per ton in 2023, but commodity prices remain unstable. In addition, the 2023 waste disposal fee will increase from \$62.03 to \$74.25 per ton.

The combined 2023 real estate tax and refuse service fee paid by the typical household will increase by \$12.56 or 1.2% over those paid in 2022.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Debt service payments in 2020 were reduced via the refinancing of a 2016 General Obligation Note. The new Note bears interest at a fixed rate of 1.55% versus 2.26% and will result in \$663,969 in interest payment savings over the life of the loan. The 2023 debt service payments will be approximately \$4,276.72 less than in 2022. The 2020 General Obligation Note will be satisfied in full in October 2036. Additional capital expenses include funding for a complete exterior painting of the Black Horse Inn, erect a fence around the perimeter of the police parking lot and replace the emergency generator at the ambulance garage. The Township will also appropriate \$300,000 for its annual road resurfacing program through the Highway Aid fund.

As with most service-based organizations, employee wages and benefits will continue to be the single largest general fund expense for the Township in 2023. The police labor agreement expired at the end of 2022. At the end of 2022 a new agreement was signed for the years 2023, 2024, 2025 & 2026. The base salary increases will be 4.0% annually for the years 2023 & 2024, and 3.5% annually in 2025 & 2026. The labor agreement with the public works employees was renegotiated in 2019 and resulted in wage increases of 3.0% in 2020 and 2021, and 2.75% in 2022 and 2023. Salaried employees are not represented by a bargaining unit but typically receive a combination of wages and benefits comparable to the police and public works employees. Accordingly, wages for salaried employees will increase by 3.75% in 2023.

Healthcare premiums for all township employees decreased in 2016 due to the implementation of a new medical and prescription plan with increased copays for all employees. All employees contribute 1% of their wages towards the cost of their medical benefits. The premiums increased by 4.0% in 2018, 4.75% in 2019, 4.7% in 2020, and 3.1% in 2021. However, the Township accepted an offer by its healthcare provider to enroll in a two-year plan that eliminated the anticipated increases in 2022 and 2023, with the exception of a 5.1% increase to prescription plan portion.

Municipal pension fund obligations, after decreasing by \$382,770 or 38.8% in 2022, will increase by \$2,955 or 0.5% in 2023 based upon the latest actuarial projections. In September 2021 the Board of Commissioners reduced the assumed rate of return on pension investments from 6.75% to 6.25%, which will help ensure the proper level of funding is provided for all plans. All employees will continue to contribute between 3% and 5% of their wages toward future pension benefits. In order to gain additional cost certainty for future retirement benefits, a new defined contribution retirement plan was created for all salaried employees that were hired after January 1, 2016. As legacy employees retire and new employees are enrolled in the new defined contribution plan, the Township's post-retirement obligations will ease.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide Springfield Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Office of the Township Manager, 1510 Paper Mill Road, Wyndmoor, PA 19038.

SPRINGFIELD TOWNSHIP
STATEMENT OF NET POSITION

December 31, 2022

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Cash and cash equivalents	\$ 9,397,343
Investments	6,543,781
Receivables	2,927,507
Restricted cash escrows	56,254
Restricted investments	35,466
Land	4,446,627
Construction in progress	916,616
Other capital assets (net of accumulated depreciation)	<u>38,464,789</u>
Total Assets	<u>62,788,383</u>
Deferred Outflows of Resources	
Deferred outflows for pensions	6,943,058
Deferred outflows for OPEB plan	<u>400,127</u>
Total Deferred Outflows of Resources	<u>7,343,185</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 70,131,568</u>
Liabilities	
Accounts payable and other current liabilities	\$ 631,717
Escrows	56,254
Unearned revenue	2,352,797
Non-current liabilities:	
Due within one year	492,000
Due after one year	<u>16,062,607</u>
Total Liabilities	<u>19,595,375</u>
Deferred Inflows of Resources	
Deferred inflows for pensions	176,841
Deferred inflows for OPEB plan	1,286,009
Deferred leases	<u>397,710</u>
Total Deferred Inflows of Resources	<u>1,860,560</u>
Net Position	
Net investment in capital assets	36,228,032
Restricted for:	
Library	116,796
Highways and streets	772,946
Capital outlay	56,254
Unrestricted	<u>11,501,605</u>
Total Net Position	<u>48,675,633</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 70,131,568</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

	<u>Governmental Activities</u>				
	<u>Total Primary Government</u>	<u>Admini- strative</u>	<u>Licenses and Permits</u>	<u>Police and Emergency Services</u>	<u>Public Works</u>
Expenses					
Program expenses	\$ 16,615,266	\$ 5,065,445	\$ 482,170	\$ 5,843,558	\$ 1,880,944
Depreciation	1,748,508	231,825	-	133,274	971,537
Interest on debt	<u>125,150</u>	<u>125,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>18,488,924</u>	<u>5,422,420</u>	<u>482,170</u>	<u>5,976,832</u>	<u>2,852,481</u>
Program Revenues					
Charges for services	2,857,815	20,784	760,908	60,097	61,540
Operating grants and contributions	1,423,773	500,673	-	176,719	569,139
Capital grants and contributions	<u>475,573</u>	<u>8,438</u>	<u>-</u>	<u>-</u>	<u>450,229</u>
Total Program Revenues	<u>4,757,161</u>	<u>529,895</u>	<u>760,908</u>	<u>236,816</u>	<u>1,080,908</u>
Net (Expense) Revenue	(13,731,763)	(4,892,525)	278,738	(5,740,016)	(1,771,573)
General Revenues					
Taxes:					
Real estate	6,016,496				
Transfer taxes	1,298,418				
Business and mercantile taxes	1,270,629				
Earned income taxes	4,644,175				
Local services tax	368,573				
Grants and contributions not restricted to specific programs	12,160				
Investment earnings (loss)	(270,635)				
Gain (loss) on sale/retirement of assets	(9,834)				
Miscellaneous	<u>1,441,210</u>				
Total General Revenues	<u>14,771,192</u>				
Change in Net Position	1,039,429				
Net Position - Beginning	<u>47,636,204</u>				
Net Position - Ending	<u>\$ 48,675,633</u>				

<u>Sanitation and Recycling</u>	<u>Sewer</u>	<u>Library</u>	<u>Community Development</u>	<u>Park and Recreation</u>
\$ 1,538,358	\$ -	\$ 709,722	\$ -	\$ 1,095,069
33,180	-	234,556	-	144,136
-	-	-	-	-
<u>1,571,538</u>	<u>-</u>	<u>944,278</u>	<u>-</u>	<u>1,239,205</u>
1,595,800	6,288	-	-	352,398
-	96,401	76,599	-	4,242
-	-	-	16,906	-
<u>1,595,800</u>	<u>102,689</u>	<u>76,599</u>	<u>16,906</u>	<u>356,640</u>
24,262	102,689	(867,679)	16,906	(882,565)

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2022

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,894,608	\$ 5,092,964	\$ 409,771	\$ 9,397,343
Restricted cash escrows	-	56,254	-	56,254
Restricted investments	-	35,466	-	35,466
Investments	3,372,059	2,807,732	363,990	6,543,781
Receivables				
Taxes	861,523	-	-	861,523
Accounts	916,571	57,559	-	974,130
Interest	33,478	-	-	33,478
Leases	432,376	-	-	432,376
Due from other funds	-	1,509,945	-	1,509,945
Total Assets	<u>\$ 9,510,615</u>	<u>\$ 9,559,920</u>	<u>\$ 773,761</u>	<u>\$ 19,844,296</u>
Liabilities				
Accounts payable and accrued wages	\$ 519,233	\$ 111,669	\$ 815	\$ 631,717
Unearned revenue	-	2,352,797	-	2,352,797
Due to other funds	1,509,945	-	-	1,509,945
Escrows	-	56,254	-	56,254
Total Liabilities	<u>2,029,178</u>	<u>2,520,720</u>	<u>815</u>	<u>4,550,713</u>
Deferred Inflows of Resources				
Unavailable revenue- property taxes	141,616	-	-	141,616
Unavailable revenue- sewer fees	93,944	-	-	93,944
Unavailable revenue - refuse fees	138,814	-	-	138,814
Deferred leases	397,710	-	-	397,710
Total Deferred Inflows of Resources	<u>772,084</u>	<u>-</u>	<u>-</u>	<u>772,084</u>
Fund Balances				
Nonspendable: Leases	34,666	-	-	34,666
Restricted:				
Library	-	116,796	-	116,796
Highway	-	-	772,946	772,946
Capital outlay	-	56,254	-	56,254
Assigned:				
Library capital outlay	-	68,520	-	68,520
Capital outlay	-	6,797,630	-	6,797,630
Unassigned	6,674,687	-	-	6,674,687
Total Fund Balances	<u>6,709,353</u>	<u>7,039,200</u>	<u>772,946</u>	<u>14,521,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	<u>\$ 9,510,615</u>	<u>\$ 9,559,920</u>	<u>\$ 773,761</u>	<u>\$ 19,844,296</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

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

December 31, 2022

Amounts reported for governmental activities in the statement of net position (page 18)
are different because:

Total fund balances-total governmental funds (page 21)	\$ 14,521,499
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Capital assets used in governmental activities are not financial resources
and, therefore, are reported in the funds.

Cost of capital assets	65,340,293	
Accumulated depreciation	<u>(21,512,261)</u>	43,828,032

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred inflows
in the governmental funds and thus are not included in fund balance.

Receivables	626,000	
Deferred inflows for taxes and revenues	<u>374,374</u>	1,000,374

Deferred inflows and outflows or resources related to pensions are applicable
to future periods and, therefore, are not reported in the funds.

Deferred outflows for pensions	6,943,058	
Deferred outflows for OPEB plan	400,127	
Deferred inflows for pensions	(176,841)	
Deferred inflows for OPEB plan	<u>(1,286,009)</u>	5,880,335

Long term liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Notes payable	(7,600,000)	
Net pension liability	(6,404,971)	
Net post-retirement benefits obligation	<u>(2,549,636)</u>	<u>(16,554,607)</u>

Net position of governmental activities (page 18)	<u>\$ 48,675,633</u>
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SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2022

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Real estate	\$ 6,016,712	\$ -	\$ -	\$ 6,016,712
Transfer	1,298,418	-	-	1,298,418
Business and mercantile	1,270,629	-	-	1,270,629
Earned income	4,404,175	-	-	4,404,175
Local services	368,573	-	-	368,573
Fees, licenses and permits	445,755	-	-	445,755
Fines and forfeitures	54,007	-	-	54,007
Investment income and rent	(67,251)	70,119	11,460	14,328
Intergovernmental revenues	985,140	349,524	569,139	1,903,803
Charges for services	2,713,301	2,250	-	2,715,551
Other	<u>655,655</u>	<u>95,755</u>	<u>-</u>	<u>751,410</u>
Total Revenues	<u>18,145,114</u>	<u>517,648</u>	<u>580,599</u>	<u>19,243,361</u>
Expenditures				
Current				
General government	1,530,962	-	-	1,530,962
Public safety	5,199,290	-	-	5,199,290
Sanitation and recycling	1,534,390	-	-	1,534,390
Highways and roads	1,548,068	-	548,555	2,096,623
Culture and recreation	1,420,963	-	-	1,420,963
Miscellaneous	3,155,665	-	-	3,155,665
Debt service				
Principal	-	485,000	-	485,000
Interest	-	125,150	-	125,150
Capital projects	<u>-</u>	<u>1,277,933</u>	<u>-</u>	<u>1,277,933</u>
Total Expenditures	<u>14,389,338</u>	<u>1,888,083</u>	<u>548,555</u>	<u>16,825,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,755,776</u>	<u>(1,370,435)</u>	<u>32,044</u>	<u>2,417,385</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	50,744	-	-	50,744
Transfers in	-	1,509,945	-	1,509,945
Transfers out	<u>(1,509,945)</u>	<u>-</u>	<u>-</u>	<u>(1,509,945)</u>
Total Other Financing Sources (Uses)	<u>(1,459,201)</u>	<u>1,509,945</u>	<u>-</u>	<u>50,744</u>
Net Change in Fund Balance	2,296,575	139,510	32,044	2,468,129
Fund Balance - Beginning	<u>4,412,778</u>	<u>6,899,690</u>	<u>740,902</u>	<u>12,053,370</u>
Fund Balance - Ending	<u>\$ 6,709,353</u>	<u>\$ 7,039,200</u>	<u>\$ 772,946</u>	<u>\$ 14,521,499</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2022

Amounts reported for governmental activities in the statement of activities (page 19-20)
are different because:

Net change in fund balances-total governmental funds (page 21)	\$	2,468,129
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	1,504,742	
Depreciation expense	<u>(1,748,508)</u>	(243,766)

The effect of sales of capital assets is to decrease net assets.	(60,578)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	294,826
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Repayment of debt	485,000

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

Net pension liability and deferred items	(1,913,121)	
Net post-retirement benefits and deferred items	<u>8,939</u>	<u>(1,904,182)</u>

Change in net position of governmental activities (pages 19-20)	\$	<u>1,039,429</u>
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The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (Budgetary Basis)

For the year ended December 31, 2022

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Cash Basis	
	Original	Final	ACTUAL	
Revenues				
Taxes				
Real estate	\$ 5,957,826	\$ 5,973,961	\$ 5,969,901	\$ (4,060)
Transfer	588,000	1,244,067	1,290,148	46,081
Business and mercantile	1,025,000	1,149,961	1,266,474	116,513
Earned income	3,500,000	3,412,428	4,531,936	1,119,508
Local services	245,000	254,432	328,433	74,001
Amusement	650	-	-	-
Licenses and permits	450,000	338,388	410,664	72,276
Fines and forfeitures	58,250	44,883	53,072	8,189
Interest and rent	258,748	(76,858)	(119,903)	(43,045)
Intergovernmental revenues	902,255	925,030	1,118,629	193,599
Charges for services	2,185,010	2,564,475	2,707,733	143,258
Miscellaneous revenues	596,197	634,315	636,084	1,769
Total Revenues	15,766,936	16,465,082	18,193,171	1,728,089
Expenditures				
Current				
General government	1,454,071	1,439,207	1,510,673	71,466
Public safety	5,163,733	5,095,215	5,179,801	84,586
Sanitation and recycling	1,458,891	1,436,219	1,526,755	90,536
Highways and roads	1,627,774	1,428,692	1,492,090	63,398
Parks and recreation	506,114	593,814	643,748	49,934
Library services	816,801	751,319	801,054	49,735
Miscellaneous	3,494,404	3,147,078	3,167,429	20,351
Total Expenditures	14,521,788	13,891,544	14,321,550	430,006
Excess (Deficiency) of Revenues Over Expenditures	1,245,148	2,573,538	3,871,621	1,298,083
Other Financing Sources (Uses)				
Sale of capital assets	16,900	50,459	50,744	285
Transfers in	1,949,568	-	-	-
Transfers out	(1,843,962)	-	(1,509,945)	(1,509,945)
Total Other Financing Sources (Uses)	122,506	50,459	(1,459,201)	(1,509,660)
Net Change in Fund Balance	1,367,654	2,623,997	2,412,420	(211,577)
Fund Balance - Beginning			4,412,778	
Fund Balance - Ending			\$ 6,825,198	

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2022

	Pension Trust Funds	Custodial Fund Recycling
Assets		
Cash	\$ 468,384	\$ 229,611
Contributions receivable	27,134	-
Due from other pension	3,100	-
Prepaid benefits	188,095	-
Investments		
Exchange traded funds and closed end funds	39,621,369	-
Total Assets	<u>\$ 40,308,082</u>	<u>\$ 229,611</u>
Liabilities		
Accounts payable	\$ 57,170	\$ -
Due to other pension	3,100	-
Total Liabilities	<u>60,270</u>	<u>-</u>
Net Position		
Net Position - Restricted for Pension Benefits	40,247,812	-
Net Position - Restricted for Municipalities	-	229,611
Total Net Position	<u>40,247,812</u>	<u>229,611</u>
Total Liabilities and Net Position	<u>\$ 40,308,082</u>	<u>\$ 229,611</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended December 31, 2022

	<u>Pension Trust</u> <u>Funds</u>	<u>Custodial</u> <u>Fund</u> <u>Recycling</u>
Additions		
Contributions		
Member contributions	\$ 290,504	\$ -
Employer contributions	159,200	-
State aid	497,324	-
Total Contributions	<u>947,028</u>	<u>-</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	(8,575,265)	-
Dividends & Interest	936,914	2,331
Total Investment Earnings	(7,638,351)	2,331
Less: investment expense	(151,564)	-
Net Investment Earnings	<u>(7,789,915)</u>	<u>2,331</u>
Total Additions	<u>(6,842,887)</u>	<u>2,331</u>
Deductions		
Benefits	2,217,981	-
Escrow disbursements	-	3,692
Total Deductions	<u>2,217,981</u>	<u>3,692</u>
Change in Net Position	(9,060,868)	(1,361)
Net Position - Beginning of Year	<u>49,308,680</u>	<u>230,972</u>
Net Position - End of Year	<u>\$ 40,247,812</u>	<u>\$ 229,611</u>

The notes to the financial statements are an integral part of this statement

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies

A. *Reporting entity*

Springfield Township is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government and the reportable component units. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. *Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital reserve fund* accounts for capital purchases and construction to enhance and improve the property throughout the Township.

Additionally, the government reports the following fiduciary fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *custodial fund* accounts for the joint construction to build a recycling center with other local municipalities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. One exception is library donations that are restricted for capital improvements of \$116,796 and will be held for future use.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's asset, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area saving's accounts rates is minimal.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value.

2. Restricted assets

Certain investments have been classified as restricted assets on the balance sheet because the donor's restriction on their use extends beyond one year.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

At December 31, 2022, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore not included in outstanding property taxes.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2022 are recognized as revenue for the year ending December 31, 2022.

The Township is a lessor for various long-term noncancellable lease agreements. The Township recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements. At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

The Township monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

4. Prepaid items

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Buildings and improvements	20-50
Roads and bridges	20-50
Traffic signals	10
Library books	10
Trucks, vehicles, and heavy equipment	5-15

6. Compensated absences

Township employees are granted vacation and sick leave in varying amounts. There is no accrual for unused vacation or sick leave compensation since such obligations relate to rights that do not vest.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the entity, not restricted for any project or other purpose.

9. Fund balance

The governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, leases, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

9. Fund balance (continued)

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that but do not meet the criteria to be classified as committed. The governing body, the Board of Commissioners, has by resolution authorized the Township Manager and Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

10. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

11. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has the following items that qualify for reporting in this category. The Township has the following items that qualify for reporting in these categories:

1. *Differences between expected and actual experience on plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized in the period that the amounts become available.
2. *Changes in assumptions* are reported in the government-wide statement of net position. A difference results when assumptions are changed. This amount is deferred and recognized in the period that the amount becomes available.
3. *Unavailable revenue – intergovernmental revenues, property taxes, sewer fees, refuse fees* are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
4. *Net difference between projected and actual earnings on plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.
5. *Leases* is reported in the governmental funds and the government-wide statement of net position. A deferred balance results at the initiation on of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

12. Subsequent Events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. No amounts have been recorded or disclosed. See Note IV, H.

13. Pending Pronouncements

Adoption of Accounting Pronouncement - GASB 87, Leases, substantially changes current accounting procedures regarding lease accounting. This Statement has been implemented for the fiscal year ending December 31, 2022. The implementation resulted in expanded disclosure. No restatement of balances was necessary for the government-wide and fund statements. The Management Discussion and Analysis has been restated for comparison purposes.

Pending Accounting Pronouncements - GASB has issued statements that will become effective in future years including Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township prepares its budget on the cash basis of accounting, which differs from generally accepted accounting principles (GAAP). The budget and all transactions are presented in accordance with the Township's method (budget basis) in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General and Special Revenue Funds to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis of accounting and GAAP are that:

Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual. Expenditures are recorded when paid as opposed to when the liability is incurred, except for interest on general long-term obligations, which is recorded when due.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance. All budget revisions require the approval of the Township Board of Commissioners. The Board authorized the use of unallocated fund balance in 2022. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

Adjustments necessary to convert the results of operations and fund balances at the end of the year from the GAAP basis of accounting to the budgetary basis of accounting are as follows:

	<u>General Fund</u>
GAAP Basis	\$ 2,296,575
Accrued revenues prior year	1,839,468
Accrued revenues current year	(2,243,949)
Accrued liabilities prior year	(776,555)
Accrued liabilities current year	<u>1,296,881</u>
Budgetary Basis	<u>\$ 2,412,420</u>

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2022, expenditures exceeded appropriations in all categories in the total amount of \$430,006. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *Deposits and investments*

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis. The investments in money market funds are considered cash equivalents because of their short maturity dates.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

At year-end, the Township's bank balance was \$9,588,488. Of that balance, \$703,796 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in money market funds, as listed in the chart below, are considered cash equivalents due to the short maturities of those investments and are included above.

Fair Value Measurements. The Township categorizes its fair value measurement within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end investment balances were as follows. All investments were considered to be Level 1:

<u>INVESTMENTS</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Governmental Funds:			
Certificates of Deposit	\$ 102,658	\$ 102,658	\$ -
U.S. Treasury Bonds and Notes	<u>6,476,589</u>	<u>420,048</u>	<u>6,055,213</u>
Total Governmental Funds	<u>\$ 6,579,247</u>	<u>\$ 522,706</u>	<u>\$ 6,055,213</u>
Fiduciary Funds:			
Mutual Funds	\$ 1,019,790	\$ -	\$ -
Exchange Traded (ETF's)	<u>38,601,579</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>\$ 39,621,369</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I. D. 1.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note I. D. 1. The government does not have a formal investment policy for credit risk. The government's investments in U.S. Treasuries obligations and U.S. Government agencies are not required to be rated.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were seven investments, totaling \$3,296,106 that exceeded greater than 5% in any one single issuer that would be considered a concentration of credit risk for December 31, 2022.

B. *Interfund receivables, payables, and transfers*

As of December 31, 2022, interfund balances and transfers are primarily a result of saving for capital projects and reimbursement of expenses as follows:

	<u>Due to</u>	<u>Due from</u>
General	\$ 1,509,945	\$ -
Capital reserve	-	1,509,945
Nonmajor fund	-	-
Total	<u>\$ 1,509,945</u>	<u>\$ 1,509,945</u>

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 1,509,945	\$ -
Capital reserve	-	1,509,945
Total	<u>\$ 1,509,945</u>	<u>\$ 1,509,945</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

C. *Receivables*

Receivables as of year-end for the government's individual major funds, and fiduciary funds in the aggregate are as follows:

Receivables:	<u>General</u>	<u>Capital Reserve</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Taxes	\$ 861,523	\$ -	\$ -	\$ 861,523
Other	916,571	57,559	3,100	977,230
Interest	33,478	-	-	33,478
Contributions	-	-	27,134	27,134
Leases	432,376	-	-	432,376
Total Receivables	<u>\$ 2,243,948</u>	<u>\$ 57,559</u>	<u>\$ 30,234</u>	<u>\$ 2,331,741</u>

The Township has entered in to various lease agreements for cell tower and property rentals. Under these agreements, the Township receives minimum monthly payments. Three of the lease agreements have a noncancellable term. The lease receivable is measured at the present value of the noncancellable long-term future minimum rental payments expected to be received under the terms of the lease at a discounted rate. Any variable payments received are based on direct monthly usage and are not included in the calculation of the receivable.

The Township entered into a lease agreement with an independent management company, TJKFCC, LLC, to operate the property known as the Flourtown Country Club through December 31, 2025. The lease agreement includes an additional five (5) year extension that may be exercised at the lessee's option. The terms of the agreement state that the Township receives a minimum annual rental of \$135,000. In addition to the minimum annual rental, the Township receives an additional percentage rent in the amount of 6% of the amount by which lessee's total annual gross receipts exceeds \$1,500,000 but does not exceed \$2,000,000, and 8% of the amount by which lessee's total annual gross receipts exceeds \$2,000,000. The Township has established a building reserve fund within its Capital Reserve account to plan for capital repairs and replacements to the Flourtown Country Club facility. There is presently no debt service associated with the Flourtown Country Club, and the management company is solely responsible for the day-to-day operations and expenses of the Country Club, and exclusively responsible for administration of its fiscal affairs.

For the year ended December 31, 2022, the principal and interest receivable on long-term noncancellable leases was as follows:

Year Ending December 31,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 152,865	\$ 13,995	\$ 166,860
2024	144,511	6,729	151,240
2025	135,000	-	135,000
	<u>\$ 432,376</u>	<u>\$ 20,724</u>	<u>\$ 453,100</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land	\$ 4,446,627	\$ -	\$ -	\$ 4,446,627
Construction in progress	<u>849,130</u>	<u>76,730</u>	<u>(9,244)</u>	<u>916,616</u>
Total Capital Assets, not being depreciated	<u>5,295,757</u>	<u>76,730</u>	<u>(9,244)</u>	<u>5,363,243</u>
 Capital Assets, being depreciated:				
Land improvements	5,021,916	239,444	-	5,261,360
Buildings and improvements	30,904,353	38,264	-	30,942,617
Machinery and equipment	1,679,772	10,810	(95,495)	1,595,087
Vehicles	3,697,888	410,255	(93,634)	4,014,509
Library collection	3,031,290	81,181	(2,000)	3,110,471
Infrastructure	<u>14,740,609</u>	<u>657,302</u>	<u>(344,905)</u>	<u>15,053,006</u>
Total Capital Assets being depreciated	<u>59,075,828</u>	<u>1,437,256</u>	<u>(536,034)</u>	<u>59,977,050</u>
 Less Accumulated Depreciation for:				
Land improvements	2,338,973	259,491	-	2,598,464
Buildings and improvements	4,532,021	750,716	-	5,282,737
Machinery and equipment	1,503,224	56,200	(95,495)	1,463,929
Vehicles	2,627,217	307,600	(93,634)	2,841,183
Library collection	2,664,201	78,834	(2,000)	2,741,035
Infrastructure	<u>6,573,573</u>	<u>295,667</u>	<u>(284,327)</u>	<u>6,584,913</u>
Total Accumulated Depreciation	<u>20,239,209</u>	<u>1,748,508</u>	<u>(475,456)</u>	<u>21,512,261</u>
 Total Capital Assets, being depreciated, net	<u>38,836,619</u>	<u>(311,252)</u>	<u>(60,578)</u>	<u>38,464,789</u>
 Governmental Activities Capital Assets, net	<u>\$ 44,132,376</u>	<u>\$ (234,522)</u>	<u>\$ (69,822)</u>	<u>\$ 43,828,032</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

D. Capital assets (continued)

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

Governmental Activities:	
Administrative	\$ 231,825
Police and Emergency Services	133,274
Public Works	971,537
Sanitation and Recycling	33,180
Library	234,556
Park and Recreation	<u>144,136</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,748,508</u>

E. Long-term debt

General Obligation Notes

The Township issues general obligation notes to provide funds for the acquisition, construction, and improvement of facilities and the purchase of equipment. The original amount of general obligations notes issued was \$8,786,000. General obligation notes are direct obligations and pledge the full faith and credit of the government. These notes are generally issued as 10-15 year notes with varying amounts of principal maturing each year. Interest is payable semi-annually.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest</u>	
	<u>Rates</u>	<u>Amount</u>
Governmental Activities	1.55%	<u>\$ 7,600,000</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

Governmental activities:	<u>Beginning</u>			<u>Ending</u>	<u>Due within one year</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	
Notes payable	\$ 8,085,000	\$ -	\$ (485,000)	\$ 7,600,000	\$ 492,000
Net pension liability	479,853	3,631,826	2,293,292	6,404,971	-
Net post-retirement obligation	<u>2,770,052</u>	<u>268,118</u>	<u>(488,534)</u>	<u>2,549,636</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 11,334,905</u>	<u>\$ 3,899,944</u>	<u>\$ 1,319,758</u>	<u>\$ 16,554,607</u>	<u>\$ 492,000</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

E. Long-term debt (continued)

Debt service for general obligation notes is funded primarily from real estate taxes for governmental activities. Any liabilities for the net pension liability or post-retirement obligations are generally liquidated by the general fund.

Maturities of notes payable for each of the next five years and in the aggregate are:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2023	\$ 492,000	\$ 117,808
2024	499,000	110,181
2025	511,000	102,446
2026	518,000	94,525
2027	525,000	49,496
2028-2032	2,725,000	308,609
2033-2036	2,330,000	90,960
	<u>\$ 7,600,000</u>	<u>\$ 874,025</u>

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the following public entity risk pools: Delaware Valley Property & Liability Trust, Delaware Valley Workers' Compensation Trust, and Delaware Valley Health Trust. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive committee.

The Township paid \$183,076 in insurance premium expense to the Delaware Valley Property & Liability Trust pool for coverage year 2022. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2022 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$24,830.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Risk management (continued)*

The Township paid \$184,072 in insurance premium expense to the Delaware Valley Workers' Compensation Trust for coverage year 2022. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2022 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$29,680. The Township received \$2,621 as a result of the payroll audit of the 2021 coverage year. An audit of the reported 2022 payroll will be performed during the first quarter of 2023.

The Township paid \$1,655,125 in insurance premium expense to the Delaware Valley Health Trust for coverage year 2022. There were no refunds or dividends distributed.

B. *Contingent liabilities*

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township. At the present time, there is no significant litigation matters pending that are expected to result in a judgment in excess of amounts covered by insurance.

C. *Defined benefit pension plan*

Plan Description and Membership

The Township sponsors three single employer defined benefit pension plans, the Police Pension Plan, the Salaried Employees Pension Plan, and the Hourly Employees Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2021. Details below are from the valuation.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

All full-time police and non-uniform employees who have attained age 21 are eligible as of the date of their hire to participate in the plan, provided they agree to make the required contributions.

The three pension plans are governed by the Pension Board of Trustees who are authorized to make decisions for finance and investment-related planning, including review of pension plan finances for the Salaried, Police and Hourly Pension Plans. The Pension Board of Trustees consists of the seven members of the Board of Commissioners, plus one employee representative from each of the three pension plans. The Pension Board of Trustees meets quarterly for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2022, Springfield Township Pension Plans consisted of the following:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Inactive Members or Beneficiaries Currently Receiving Benefits (1)	32	21	9
Inactive Members Entitled to but not yet Receiving Benefits	-	3	3
Active Members	<u>26</u>	<u>10</u>	<u>24</u>
	<u><u>58</u></u>	<u><u>34</u></u>	<u><u>36</u></u>

(1) includes 1 DROP members in Police Pension Plan

The salaried pension plan was closed to new entrants as of January 1, 2016.

Benefits Provided

Police Pension Plan: The Pension Fund provides retirement, death, and disability to the plan members and their beneficiaries. All benefits vest after 12 years of credited service. Officers may retire at or after age 50 with 25 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final three years' average salary. An annual cost-of-living adjustment is made to retirees with a maximum total cost-of-living increase of 30% of the original pension or 75% of their final three years' average salary at the date of retirement. If a participant is disabled in the line of duty, the employee is eligible for disability pension. The disability pension is equal to 50% of salary at the time the disability occurred, offset by any Social Security benefits paid for the same injuries. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Police Pension Plan - A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the previous paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period not to exceed a period of 36 months. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement.

Salaried Employees Pension Plan: The Pension Plan provides retirement and death benefits. All benefits fully vest after 6 years of credited service. Employees who retire at or after age 62, with 10 years of credited service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of the average compensation of the three highest consecutive years of service reduce by 1/25th for each year of service less than 25, and increased by 2% for each year of service completed in excess of 25 years plus cost-of-living adjustment. A retired participant's benefit shall be increased for cost-of-living, in accordance with the Philadelphia Area Consumer Price Index, measured for the prior calendar year. The maximum increase cannot exceed 30%. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings. This Plan was closed to new entrants as of January 1, 2016.

Hourly Employees Pension Plan: The Pension Plan provides only retirement benefits. All benefits fully vest after 6 years of credited service. Employees who retire at or after age 62, with 10 years of credited service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 37.5% of the average compensation of the three highest consecutive years of service reduce by 1/25th for each year of service less than 25, and increased by 1/75th for each year of service completed in excess of 25 years. A retired participant's benefit who has been receiving benefits for at least one year shall be increased for cost-of-living, in accordance with the Philadelphia Area Consumer Price Index, measured for the prior calendar year. The maximum increase cannot exceed 130% of the original benefit. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Pension Plan equity securities are reported at fair value. Fixed income securities are reported at fair value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions

Police Pension Plan: Covered employees are required by statute to contribute 5% of their salary to the Pension Fund. If an employee leaves covered employment before 12 years of credited service, accumulated employee contributions of the Pension Fund (not the Association) plus related investment earnings are refunded to the employee or designated beneficiary.

Salaried Employees Pension Plan: Covered employees are required to contribute 3% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 6 years of credited service, accumulated employee contribution, if any, plus related investment earnings are refunded to the employee or designated beneficiary. This Plan was closed to new entrants as of January 1, 2016.

Hourly Employees Pension Plan: Covered employees are required to contribute 3% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 6 years of credited service, accumulated employee contribution, if any, plus related investment earnings are refunded to the employee or designated beneficiary.

Contributions are determined on an annual basis for each Plan. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Contributions (continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$497,323 for the pensions for the year ended December 31, 2022.

Investments

Investment Policy: The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Asset allocations and investment performance is reviewed quarterly. Forecasting of asset and liability growth is performed at least annually. More thorough analysis of assets and liabilities are also performed periodically.

Rate of Return: For the year ended December 31, 2022, the annual money-weighted rate of return on Plan investments, net of pension investment expense was -16.15% for the Police, -16.17% for the Salaried Employees Pension Plan, and -15.68% for Hourly Employees Pension Plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2022 were as follows:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Total pension liability	\$ 23,887,950	\$ 12,720,967	\$ 9,828,976
Plan fiduciary net position	(21,020,835)	(11,442,074)	(7,570,013)
Net pension liability (asset)	<u>\$ 2,867,115</u>	<u>\$ 1,278,893</u>	<u>\$ 2,258,963</u>

Plan fiduciary net position as a percentage of the total pension liability	88%	90%	77%
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TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>	
Inflation	3.00%	3.00%	3.00%	
Salary increases	4.00%	4.00%	4.00%	(average, including inflation)
Investment rate of return	6.25%	6.25%	6.25%	(including inflation)
Postretirement cost of living increase	(1)	(2)	(2)	

(1) Pursuant to Act 600

(2) Based upon Philadelphia CPI to cumulative maximum of 130% of the original benefit

Mortality rates were based on the RP-2014 Mortality Tables at 2006 Blue Collar with MP-2017 Generational.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020.

The net pension liabilities for all three plans were measured as of December 31, 2022 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2021. See the 10-year trend tables for changes in benefit terms and assumptions since the last valuation.

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 for all three plans are summarized in the following table:

	Target	Long-term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity	52.50%	7.00%
International Equity	16.50%	6.00%
Fixed Income	27.00%	2.50%
Real Estate	0.00%	7.00%
Cash	4.00%	0.00%

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. *Defined benefit pension plan (continued)*

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.25% for all three plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, 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's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability (Asset)</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2021	\$ 23,255,726	\$ 25,981,984	\$ (2,726,258)
Changes for the year:			
Service cost	478,087	-	478,087
Interest	1,443,858	-	1,443,858
Change of benefit terms	-	-	-
Differences between expected and actual experience	(25,565)	-	(25,565)
Change of assumptions	-	-	-
Contributions - employer	-	228,587	(228,587)
Contributions - employee	-	170,725	(170,725)
Net investment income	-	(4,096,305)	4,096,305
Benefit payments, including refunds of employee contributions	(1,264,156)	(1,264,156)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>632,224</u>	<u>(4,961,149)</u>	<u>5,593,373</u>
Balance at December 31, 2022	<u>\$ 23,887,950</u>	<u>\$ 21,020,835</u>	<u>\$ 2,867,115</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. *Defined benefit pension plan (continued)*

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>Salaried Pension Plan</u>			
Balance at December 31, 2021	\$ 12,534,916	\$ 14,366,736	\$ (1,831,820)
Changes for the year:			
Service cost	110,380	-	110,380
Interest	828,079	-	828,079
Change of benefit terms	-	-	-
Differences between expected and actual experience	2,516	-	2,516
Change of assumptions	-	-	-
Contributions - employer	-	69,401	(69,401)
Contributions - employee	-	27,044	(27,044)
Net investment income	-	(2,266,183)	2,266,183
Benefit payments, including refunds of employee contributions	(754,924)	(754,924)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	186,051	(2,924,662)	3,110,713
Balance at December 31, 2022	\$ 12,720,967	\$ 11,442,074	\$ 1,278,893

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Hourly Pension Plan</u>			
Balance at December 31, 2021	\$ 9,299,855	\$ 8,820,002	\$ 479,853
Changes for the year:			
Service cost	184,844	-	184,844
Interest	586,578	-	586,578
Change of benefit terms	-	-	-
Differences between expected and actual experience	(43,399)	-	(43,399)
Change of assumptions	-	-	-
Contributions - employer	-	301,714	(301,714)
Contributions - employee	-	57,220	(57,220)
Net investment income	-	(1,410,021)	1,410,021
Benefit payments, including refunds of employee contributions	(198,902)	(198,902)	-
Other changes	-	-	-
Net Changes	529,121	(1,249,989)	1,779,110
Balance at December 31, 2022	\$ 9,828,976	\$ 7,570,013	\$ 2,258,963

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan, calculated using the discount rate of 6.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (estimate based on plan demographics):

	1% Decrease <u>(5.25%)</u>	Current Discount <u>Rate (6.25%)</u>	1% Increase <u>(7.25%)</u>
Net pension liability			
Police	\$ 5,903,439	\$ 2,867,115	\$ 368,646
Salaried	2,662,111	1,278,893	97,253
Hourly	3,842,156	2,258,963	964,747

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2022, the Township recognized pension expense of \$1,129,322 for the Police Pension Plan, \$875,044 for the Salaried Employees Pension Plan, and \$496,829 for the Hourly Employees Pension Plan. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 735,702	\$ 42,837
Changes in assumptions	502,667	-
Net difference between projected and actual earnings on pension plan investments	<u>2,445,073</u>	<u>-</u>
Total	<u>\$ 3,683,442</u>	<u>\$ 42,837</u>
 <u>Salaried Employees Pension</u>		
Differences between expected and actual experience	\$ 1,000	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,427,849</u>	<u>-</u>
Total	<u>\$ 1,428,849</u>	<u>\$ -</u>
 <u>Hourly Employees Pension</u>		
Differences between expected and actual experience	\$ 141,800	\$ 134,004
Changes in assumptions	782,715	-
Net difference between projected and actual earnings on pension plan investments	<u>906,252</u>	<u>-</u>
Total	<u>\$ 1,830,767</u>	<u>\$ 134,004</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

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

Year Ended		Salaried	Hourly
December 31:	Police	Employees	Employees
2023	\$ 435,555	\$ 25,090	\$ 193,774
2024	913,061	290,502	340,335
2025	1,155,469	470,515	397,211
2026	1,136,520	642,742	499,352
2027	-	-	88,043
Thereafter	-	-	178,048
Total	<u>\$ 3,640,605</u>	<u>\$ 1,428,849</u>	<u>\$ 1,696,763</u>

Payable to the Pension Plans: For the year ended December 31, 2022, there was \$27,134 payable for contributions to the pension plans.

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period not to exceed 36 months. Monthly pension shall be calculated as of the date participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. As of December 31, 2022, the DROP account balances of \$224,107 are held by the Plan pursuant to the DROP and are included in the total pension liability.

D. Defined contribution pension plan

Springfield Township sponsors a Defined Contribution Pension Plan to provide pension benefits for all full-time non-uniformed salaried employees of the Township hired on or after January 1, 2016. As of December 31, 2022, there were six active participants in the Plan. Employees are required to contribute 3-5% of compensation each pay period on an after-tax basis. The Township shall contribute an amount equal to the mandatory employee contribution at a rate of 4-8%, respectively. Employer, employee, and state aid contributions to the plan for 2022 totaled \$92,337. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Springfield Township Board of Commissioners.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

D. Defined contribution pension plan (continued)

Each full-time, permanent, non-uniformed employee of the Township hired on or after January 1, 2016 shall become eligible upon the one-month anniversary of the date the employee first completes and hour of service and upon attaining age 21, with the exception of: (a) An employee who is a participant in a tax-qualified defined benefit pension plan offered and maintained by the Township is not eligible to participate in this plan; (b) An employee covered by a collective bargaining agreement unless the agreement allows participation. The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. A participant shall be fully vested at 6 years of vesting service as defined in the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is managed by an outside trustee appointed by the Township.

This Plan is part of the Salaried Pension Plan. It is reported as Pension Trust Fund in the accompanying financial statements and does not issue stand-alone reports. Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Pension Plan investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments.

E. Post-retirement benefits

The Township administers a single-employer defined benefit plan to provide for certain postretirement healthcare benefits (OPEB) to eligible retired police officers. The Plan was established and is governed through Board Resolution and Police Labor Contract, to provide post-retirement medical and dental benefits to uniformed and non-uniformed employees retiring after January 2, 2005. The Plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the Plan. The most recent valuation was as of January 1, 2021.

The Plan does not issue a stand-alone financial report.

Membership of the Plan consisted of the following at December 31, 2022 (the date of the latest actuarial valuation):

Inactive employees (or their beneficiaries)	
currently receiving benefits	9
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>75</u>
	<u>84</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

E. Post-retirement benefits (continued)

Eligibility: General employees are eligible for retiree health care benefits until the retiree is eligible for Medicare at the earlier of age 62 with 10 years of service or 25 years of service. Police officers are eligible for retiree health care benefits until the retiree is eligible for Medicare at the earlier of age 50 with 25 years of service or 20 years of service.

Benefits Provided: The retirees are offered the same benefits that are available to active employees and would have to pay for spousal/dependent coverage. If substantially equivalent coverage is available to retirees through spousal health insurance, a retiree would not be covered under the Township plan and the Township may opt to reimburse any premium co-payment of a retiree rather than provide coverage. Should spousal coverage become unavailable, the retiree would be immediately reinstated to the Township plan. Participation in the Township plan will cease at age 65 or whenever the retiree becomes eligible for Medicare, whichever is earlier.

Contributions: Retirees are not required to make contributions to the Plan, but are required to reimburse the Township for the portion of the premiums not covered by the Township's explicit subsidy. The contribution requirements of plan members have been established and may be amended through Board Resolution and Police Labor Contracts. The funding of these benefits will be covered by annual appropriation by the Township.

Net OPEB Liability

The Township's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.20%
Salary Increases	0%-4.25% (including inflation)
Investment Rate of Return	Not applicable
Healthcare Cost Trend Rates	Health care trend rates start at an initial rate of 7.5%, decreasing to an ultimate rate of 4.5% for medical and 4.00% for dental.

Mortality rates were based on the SOA RPH-2019 Total Dataset Mortality Table fully generational using Scale MP-2019.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

E. Post-retirement benefits (continued)

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study from the period January 1, 2019 to December 31, 2020.

The net OPEB liability was measured as of December 31, 2022 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. Significant events or changes in assumptions occurred between the valuation date and the fiscal year end: The inflation rate increased from 2.12% to 2.25% in 2021.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.25 percent, based upon 20-year AA/Aa municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

Change in Net OPEB Liability

	Increase (Decrease)		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>OPEB Plan</u>			
Balance at December 31, 2021	\$ 2,770,052	\$ -	\$ 2,770,052
Changes for the year:			
Service cost	202,752	-	202,752
Interest	65,366	-	65,366
Change of benefit terms	-	-	-
Differences between expected and actual experience	66,521	-	66,521
Change of assumptions	(419,046)	-	(419,046)
Contributions - employer	-	136,009	(136,009)
Benefit payments, including refunds of employee contributions	(136,009)	(136,009)	-
Net Changes	(220,416)	-	(220,416)
Balance at December 31, 2022	<u>\$ 2,549,636</u>	<u>\$ -</u>	<u>\$ 2,549,636</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(3.31%)</u>	<u>Rate (4.31%)</u>	<u>(5.31%)</u>
Net OPEB liability	\$ 2,748,365	\$ 2,549,636	\$ 2,363,454

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

E. Post-retirement benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease Valuation <u>Rates</u>	Healthcare Cost Trend <u>Valuation Rates</u>	1% Increase Valuation <u>Rates</u>
Net OPEB liability	\$ 2,275,207	\$ 2,549,636	\$ 2,875,588

OPEB Expense, and Deferred Outflows and Inflows of Resources

For December 31, 2022, the Township reported the following deferred outflows and inflows of resources related to OPEB. The actuarial determined expense for the OPEB Plan was \$127,070.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ 60,474	\$ 748,861
Changes in assumptions	339,653	537,148
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 400,127</u>	<u>\$ 1,286,009</u>

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

Year Ended <u>December 31:</u>	Governmental- Activities <u>OPEB</u>
2023	\$ (141,048)
2024	(141,048)
2025	(141,048)
2026	(141,047)
2027	(61,615)
Thereafter	<u>(260,076)</u>
Total	<u>\$ (885,882)</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

F. Recycling Fund

For many years Springfield Township managed the Montgomery County Consortium of Communities Recycling Program and maintained the receipts for the sale and disposal of materials. In 2003, the Township oversaw the construction of a new recycling transfer center, but turned the daily operations over to Upper Dublin Township at their request. As a result, the fund that was established to separate the Recycling Consortium funds from Township funds is no longer used for regular operating receipts or expenditures, but instead is utilized to perform capital repairs at the recycling center when needed. As of December 31, 2022, the Recycling Fund balance held by Springfield Township for capital repairs at the recycling center was \$229,611. Springfield Township's share of the funds amounted to \$140,977.

G. Subsequent event

The Township condemned approximately 8-acres of ground in 2015, which had belonged to Tank Car Corporation of America. The Township paid Tank Car \$150,000 in just compensation for the land. Tank Car filed a court challenge as to the adequacy of the amount and in February 2021, a 3-day bench trial was held. The Court determined that the Township owed Tank Car an additional \$517,000 plus \$4,000 in costs. Tank Car appealed which resulted in the Township also filing an appeal. In 2023, the Tank Car Appeal was decided confirming the opinion of the lower court.

In September 2022, the Board adopted Resolution No. 1575 authorizing the condemnation of a portion (2.7598 acres) of a larger property on Haws Lane, Erdenheim. The land is to be used as a passive park. The condemnation and payment of \$1,050,000 did not occur until 2023.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 478,087	\$ 441,068	\$ 319,677	\$ 336,071	\$ 286,145	\$ 287,397	\$ 219,979	\$ 259,046	\$ 234,282
Interest	1,443,858	1,377,152	1,346,909	1,301,025	1,263,604	1,244,277	1,200,004	1,213,646	1,155,286
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(25,565)	1,207,565	(74,550)	230,125	353,442	(132,799)	(29,196)	(1,421,484)	-
Changes of assumptions	-	866,917	-	-	522,003	-	-	546,819	-
Benefit payments, including refunds of employee contributions	(1,264,156)	(1,196,312)	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Net change in total pension liability	632,224	2,696,390	257,566	859,575	928,509	652,523	485,670	(4,536)	830,872
Total pension liability - beginning	<u>23,255,726</u>	<u>20,559,336</u>	<u>20,301,770</u>	<u>19,442,195</u>	<u>18,513,686</u>	<u>17,861,163</u>	<u>17,375,493</u>	<u>17,380,029</u>	<u>16,549,157</u>
Total pension liability - ending (a)	<u>\$ 23,887,950</u>	<u>\$ 23,255,726</u>	<u>\$ 20,559,336</u>	<u>\$ 20,301,770</u>	<u>\$ 19,442,195</u>	<u>\$ 18,513,686</u>	<u>\$ 17,861,163</u>	<u>\$ 17,375,493</u>	<u>\$ 17,380,029</u>
Plan fiduciary net position									
Contributions - employer	\$ 228,587	\$ 323,832	\$ 286,645	\$ 719,513	\$ 701,914	\$ 653,820	\$ 738,866	\$ 727,203	\$ 709,336
Contributions - employee	170,725	156,197	152,165	137,413	129,715	122,217	118,597	188,402	126,901
Net investment income	(4,096,305)	3,110,597	3,117,008	3,706,545	(1,104,628)	2,736,132	1,207,711	(142,351)	698,540
Benefit payments, including refunds of employee contributions	(1,264,156)	(1,196,312)	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Other	-	-	-	-	-	1	-	(144,752)	2,292
Net change in plan fiduciary net position	(4,961,149)	2,394,314	2,221,348	3,555,825	(1,769,684)	2,765,818	1,160,057	25,939	978,373
Plan fiduciary net position - beginning	<u>25,981,984</u>	<u>23,587,670</u>	<u>21,366,322</u>	<u>17,810,497</u>	<u>19,580,181</u>	<u>16,814,363</u>	<u>15,654,306</u>	<u>15,628,367</u>	<u>14,649,994</u>
Plan fiduciary net position - ending (b)	<u>\$ 21,020,835</u>	<u>\$ 25,981,984</u>	<u>\$ 23,587,670</u>	<u>\$ 21,366,322</u>	<u>\$ 17,810,497</u>	<u>\$ 19,580,181</u>	<u>\$ 16,814,363</u>	<u>\$ 15,654,306</u>	<u>\$ 15,628,367</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 2,867,115</u>	<u>\$ (2,726,258)</u>	<u>\$ (3,028,334)</u>	<u>\$ (1,064,552)</u>	<u>\$ 1,631,698</u>	<u>\$ (1,066,495)</u>	<u>\$ 1,046,800</u>	<u>\$ 1,721,187</u>	<u>\$ 1,751,662</u>
Plan fiduciary net position as a percentage of the total pension liability	88.0%	111.7%	114.7%	105.2%	91.6%	105.8%	94.1%	90.1%	89.9%
Covered payroll	\$ 3,152,375	\$ 3,152,582	\$ 3,102,125	\$ 2,688,644	\$ 2,563,485	\$ 2,466,015	\$ 2,308,146	\$ 2,378,900	\$ 2,384,651
Net pension liability as a percentage of covered payroll	91.0%	-86.5%	-97.6%	-39.6%	63.7%	-43.2%	45.4%	72.4%	73.5%
Annual money-weighted return, net of investment expenses	-16.15%	13.04%	14.93%	21.23%	-6.45%	16.59%	8.23%	-0.92%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated in 2021

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 110,380	\$ 131,364	\$ 187,661	\$ 192,310	\$ 184,050	\$ 168,549	\$ 173,897	\$ 172,010	\$ 184,773
Interest	828,079	739,581	714,666	689,169	686,774	659,335	648,414	613,125	584,474
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	2,516	35,556	168,153	53,663	(343,837)	(117,237)	(321,007)	(49,848)	-
Changes of assumptions	-	1,123,638	-	-	257,561	-	-	116,527	-
Benefit payments, including refunds of employee contributions	(754,924)	(641,226)	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Net change in total pension liability	186,051	1,388,913	421,567	478,532	453,234	373,645	158,414	495,570	431,123
Total pension liability - beginning	12,534,916	11,146,003	10,724,436	10,245,904	9,792,670	9,419,025	9,260,611	8,765,041	8,333,918
Total pension liability - ending (a)	<u>\$ 12,720,967</u>	<u>\$ 12,534,916</u>	<u>\$ 11,146,003</u>	<u>\$ 10,724,436</u>	<u>\$ 10,245,904</u>	<u>\$ 9,792,670</u>	<u>\$ 9,419,025</u>	<u>\$ 9,260,611</u>	<u>\$ 8,765,041</u>
Plan fiduciary net position									
Contributions - employer	\$ 69,401	\$ 340,798	\$ 346,054	\$ 532,387	\$ 533,554	\$ 517,252	\$ 508,747	\$ 497,069	\$ 498,189
Contributions - employee	27,044	39,252	32,996	38,913	44,774	40,713	43,946	42,869	45,548
Net investment income	(2,266,183)	1,723,374	1,667,668	1,971,802	(645,583)	1,359,830	634,922	(63,604)	365,774
Benefit payments, including refunds of employee contributions	(754,924)	(641,226)	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Administrative expense	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(333)	-	-	135	-
Net change in plan fiduciary net position	(2,924,662)	1,462,198	1,397,805	2,086,492	(398,902)	1,580,793	844,725	120,225	571,387
Plan fiduciary net position - beginning	<u>14,366,736</u>	<u>12,904,538</u>	<u>11,506,733</u>	<u>9,420,241</u>	<u>9,819,143</u>	<u>8,238,350</u>	<u>7,393,625</u>	<u>7,273,400</u>	<u>6,702,013</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,442,074</u>	<u>\$ 14,366,736</u>	<u>\$ 12,904,538</u>	<u>\$ 11,506,733</u>	<u>\$ 9,420,241</u>	<u>\$ 9,819,143</u>	<u>\$ 8,238,350</u>	<u>\$ 7,393,625</u>	<u>\$ 7,273,400</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,278,893</u>	<u>\$ (1,831,820)</u>	<u>\$ (1,758,535)</u>	<u>\$ (782,297)</u>	<u>\$ 825,663</u>	<u>\$ (26,473)</u>	<u>\$ 1,180,675</u>	<u>\$ 1,866,986</u>	<u>\$ 1,491,641</u>
Plan fiduciary net position as a percentage of the total pension liability	89.9%	114.6%	115.8%	107.3%	91.9%	100.3%	87.5%	79.8%	83.0%
Covered-employee payroll	\$ 818,722	\$ 831,247	\$ 911,515	\$ 1,139,203	\$ 1,424,688	\$ 1,435,454	\$ 1,380,244	\$ 1,384,592	\$ 1,331,338
Net pension liability as a percentage of covered payroll	156.2%	-220.4%	-192.9%	-68.7%	58.0%	-1.8%	85.5%	134.8%	112.0%
Annual money-weighted return, net of investment expenses	-16.17%	13.05%	14.64%	21.23%	-6.56%	16.57%	8.39%	-0.89%	5.01%

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 184,844	\$ 168,892	\$ 141,683	\$ 143,894	\$ 136,368	\$ 128,788	\$ 119,986	\$ 118,408	\$ 91,739
Interest	586,578	538,644	505,660	471,029	444,757	415,031	397,620	327,018	304,326
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(43,399)	80,951	(36,883)	27,308	(77,819)	1,155	(156,242)	321,132	-
Changes of assumptions	-	780,264	-	-	237,791	-	-	358,526	-
Benefit payments, including refunds of employee contributions	(198,902)	(159,830)	(138,211)	(115,706)	(132,480)	(123,320)	(119,546)	(116,590)	(80,529)
Net change in total pension liability	529,121	1,408,921	472,249	526,525	608,617	421,654	241,818	1,008,494	315,536
Total pension liability - beginning	<u>9,299,855</u>	<u>7,890,934</u>	<u>7,418,685</u>	<u>6,892,160</u>	<u>6,283,543</u>	<u>5,861,889</u>	<u>5,620,071</u>	<u>4,611,577</u>	<u>4,296,041</u>
Total pension liability - ending (a)	<u>\$ 9,828,976</u>	<u>\$ 9,299,855</u>	<u>\$ 7,890,934</u>	<u>\$ 7,418,685</u>	<u>\$ 6,892,160</u>	<u>\$ 6,283,543</u>	<u>\$ 5,861,889</u>	<u>\$ 5,620,071</u>	<u>\$ 4,611,577</u>
Plan fiduciary net position									
Contributions - employer	\$ 301,714	\$ 299,455	\$ 301,836	\$ 242,450	\$ 239,010	\$ 197,015	\$ 132,802	\$ 123,667	\$ 119,609
Contributions - employee	57,220	57,391	50,993	52,000	50,913	47,923	44,794	47,218	48,899
Net investment income	(1,410,021)	1,011,921	1,000,170	1,089,106	(347,705)	738,545	329,993	(39,995)	92,076
Benefit payments, including refunds of employee contributions	(198,902)	(159,830)	(138,211)	(115,706)	(132,480)	(123,320)	(119,546)	(116,590)	(80,529)
Other	-	-	-	-	-	-	-	79	-
Net change in plan fiduciary net position	(1,249,989)	1,208,937	1,214,788	1,267,850	(190,262)	860,163	388,043	14,379	180,055
Plan fiduciary net position - beginning	<u>8,820,002</u>	<u>7,611,065</u>	<u>6,396,277</u>	<u>5,128,427</u>	<u>5,318,689</u>	<u>4,458,526</u>	<u>4,070,483</u>	<u>4,056,104</u>	<u>3,876,049</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,570,013</u>	<u>\$ 8,820,002</u>	<u>\$ 7,611,065</u>	<u>\$ 6,396,277</u>	<u>\$ 5,128,427</u>	<u>\$ 5,318,689</u>	<u>\$ 4,458,526</u>	<u>\$ 4,070,483</u>	<u>\$ 4,056,104</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 2,258,963</u>	<u>\$ 479,853</u>	<u>\$ 279,869</u>	<u>\$ 1,022,408</u>	<u>\$ 1,763,733</u>	<u>\$ 964,854</u>	<u>\$ 1,403,363</u>	<u>\$ 1,549,588</u>	<u>\$ 555,473</u>
Plan fiduciary net position as a percentage of the total pension liability	77.0%	94.8%	96.5%	86.2%	74.4%	84.6%	76.1%	72.4%	88.0%
Covered payroll	\$ 1,779,903	\$ 2,020,117	\$ 1,851,330	\$ 1,770,153	\$ 1,680,652	\$ 1,594,828	\$ 1,533,488	\$ 1,513,417	\$ 1,524,506
Net pension liability as a percentage of covered payroll	126.9%	23.8%	15.1%	57.8%	104.9%	60.5%	91.5%	102.4%	36.4%
Annual money-weighted return, net of investment expenses	-15.68%	13.00%	15.35%	21.34%	-6.48%	16.52%	8.06%	-1.00%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2013	\$ 513,892	\$ 513,892	\$ -	\$ 2,184,023	(1) 23.53%
2014	709,336	709,336	-	2,384,651	29.75%
2015	727,203	727,203	-	2,378,900	30.57%
2016	706,591	738,866	(32,275)	2,308,146	32.01%
2017	653,820	653,820	-	2,466,015	26.51%
2018	694,260	701,914	(7,654)	2,563,485	27.38%
2019	709,872	719,513	(9,641)	2,563,485	28.07%
2020	286,645	286,645	-	3,102,125	9.24%
2021	323,832	323,832	-	3,152,582	10.27%
2022	204,026	228,587	(24,561)	3,152,375	7.25%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	0 years
Asset valuation method	Market Value
Inflation	3%
Salary increases	4%, average, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Retirement age	Age 53 and 25 years of service
Mortality	RP-2014 at 2006 (Blue Collar) with MP-2017 Generational

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated in 2021

(1) - covered employee payroll taken from 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2013	\$ 339,414	\$ 339,414	\$ -	\$ 1,507,556	(1) 22.51%
2014	498,189	498,189	-	1,331,338	37.42%
2015	497,069	497,069	-	1,384,592	35.90%
2016	493,542	508,747	(15,205)	1,380,244	36.86%
2017	517,252	517,252	-	1,435,454	36.03%
2018	529,123	533,554	(4,431)	1,424,688	37.45%
2019	532,387	532,387	-	1,139,203	46.73%
2020	346,054	346,054	-	911,515	37.96%
2021	335,874	340,798	(4,924)	831,247	41.00%
2022	56,103	69,401	(13,298)	818,722	8.48%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 years
Asset valuation method	Market value of assets determined by the trustee
Inflation	3%
Salary increases	4.00%, average, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Retirement age	25% at age 62, 10% at ages 63-64, 50% at age 65, 10% at age 66, 20% at age 67, 10% at ages 68-69, 100% at age 70
Mortality	RP-2014 at 2006 Healthy Annuitant using MP-2017

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated.

(1) - covered employee payroll taken from 1/1/2011 through 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2013	\$ 92,248	\$ 92,248	\$ -	\$ 1,304,391	(1) 7.07%
2014	119,609	119,609	-	1,331,338	8.98%
2015	123,667	123,667	-	1,513,417	8.17%
2016	124,945	132,802	(7,857)	1,533,488	8.66%
2017	197,015	197,015	-	1,594,828	12.35%
2018	239,010	239,010	-	1,680,652	14.22%
2019	242,450	242,450	-	1,770,153	13.70%
2020	301,836	301,836	-	1,851,330	16.30%
2021	299,455	299,455	-	2,020,117	14.82%
2022	292,249	301,714	(9,465)	1,779,903	16.95%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	10 years
Asset valuation method	Market value of assets determined by the trustee
Inflation	3%
Salary increases	4.00%, average, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Retirement age	67% at age 62, 10% at ages 63-64, 100% at age 65
Mortality	RP-2014 at 2006, Blue Collar using MP-2017

Change in benefit terms: None since 1/1/2021

Change in assumptions: The investment rate of return decreased from 6.75% to 6.25% and the mortality tables have been updated.

(1) - covered employee payroll taken from 1/1/2011 through 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-OPEB PLAN

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 202,752	\$ 212,710	\$ 202,963	\$ 172,902	\$ 200,160
Interest	65,366	63,479	97,619	112,893	114,619
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	66,521	(198,137)	(539,590)	162,105	(411,212)
Changes of assumptions	(419,046)	(25,916)	374,396	(79,662)	(303,738)
Benefit payments (including premium subsidies)	<u>(136,009)</u>	<u>(126,656)</u>	<u>(163,268)</u>	<u>(137,934)</u>	<u>(177,459)</u>
Net change in total OPEB liability	(220,416)	(74,520)	(27,880)	230,304	(577,630)
Total OPEB liability - beginning	<u>2,770,052</u>	<u>2,844,572</u>	<u>2,872,452</u>	<u>2,642,148</u>	<u>3,219,778</u>
Total OPEB liability - ending (a)	<u>\$ 2,549,636</u>	<u>\$ 2,770,052</u>	<u>\$ 2,844,572</u>	<u>\$ 2,872,452</u>	<u>\$ 2,642,148</u>
Plan fiduciary net position					
Contributions - employer (including premium subsidies)	\$ 136,009	\$ 126,656	\$ 163,268	\$ 137,934	\$ 177,459
Benefit payments (including premium subsidies)	<u>(136,009)</u>	<u>(126,656)</u>	<u>(163,268)</u>	<u>(137,934)</u>	<u>(177,459)</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a)-(b)	<u>\$ 2,549,636</u>	<u>\$ 2,770,052</u>	<u>\$ 2,844,572</u>	<u>\$ 2,872,452</u>	<u>\$ 2,642,148</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 6,729,923	\$ 6,454,373	\$ 5,719,468	\$ 5,675,244	\$ 5,681,441
Net OPEB liability as a percentage of covered payroll	37.9%	42.9%	49.7%	50.6%	46.5%
Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Notes to Schedule:

Change in assumptions: Discount rate increased from 2.12% to 2.25% in 2021, and to 4.31% in 2022

Change in benefit terms: None since 1/1/2021

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2022

	Police	Salaried Pension			Hourly	Total Pension
	Pension	Defined	Defined	Total	Pension	Trust Funds
		Benefit	Contribution			
Assets						
Cash	\$ 171,917	\$ 184,853	\$ 2,844	\$ 187,697	\$ 108,770	\$ 468,384
Contributions receivable	17,346	1,897	3,590	5,487	4,301	27,134
Due from other pension	-	3,100	-	3,100	-	3,100
Prepaid benefits	104,678	67,038	-	67,038	16,379	188,095
Investments						
Exchange traded funds and mutual funds	<u>20,726,894</u>	<u>11,185,185</u>	<u>211,558</u>	<u>11,396,743</u>	<u>7,497,732</u>	<u>39,621,369</u>
Total Assets	<u>\$ 21,020,835</u>	<u>\$ 11,442,073</u>	<u>\$ 217,992</u>	<u>\$ 11,660,065</u>	<u>\$ 7,627,182</u>	<u>\$ 40,308,082</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 57,170	\$ 57,170
Due to other pension	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>3,100</u>	<u>-</u>	<u>3,100</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>3,100</u>	<u>57,170</u>	<u>60,270</u>
Net Position						
Net Position - Restricted for:						
Pension Benefits	<u>21,020,835</u>	<u>11,442,073</u>	<u>214,892</u>	<u>11,656,965</u>	<u>7,570,012</u>	<u>40,247,812</u>
Total Net Position	<u>21,020,835</u>	<u>11,442,073</u>	<u>214,892</u>	<u>11,656,965</u>	<u>7,570,012</u>	<u>40,247,812</u>
Total Liabilities and Net Position	<u>\$ 21,020,835</u>	<u>\$ 11,442,073</u>	<u>\$ 217,992</u>	<u>\$ 11,660,065</u>	<u>\$ 7,627,182</u>	<u>\$ 40,308,082</u>

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2022

	Police	Salaried Pension		Hourly	Total Pension
	Pension	Defined	Defined	Pension	Trust Funds
	_____	Benefit	Contribution	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	Total	_____	_____
Additions					
Contributions					
Member contributions	\$ 170,725	\$ 27,044	\$ 35,515	\$ 57,220	\$ 290,504
Employer contributions	37,814	10,398	56,822	54,166	159,200
State aid	190,773	59,003	-	247,548	497,324
Total Contributions	<u>399,312</u>	<u>96,445</u>	<u>92,337</u>	<u>358,934</u>	<u>947,028</u>
Investment Earnings					
Net appreciation (depreciation) in fair value of investments	(4,506,082)	(2,494,442)	(30,398)	(1,544,343)	(8,575,265)
Dividends & Interest	489,578	270,258	4,054	173,024	936,914
Total Investment Earnings	<u>(4,016,504)</u>	<u>(2,224,184)</u>	<u>(26,344)</u>	<u>(1,371,319)</u>	<u>(7,638,351)</u>
Less: investment expense	<u>(79,801)</u>	<u>(43,732)</u>	<u>(575)</u>	<u>(27,456)</u>	<u>(151,564)</u>
Net Investment Earnings	<u>(4,096,305)</u>	<u>(2,267,916)</u>	<u>(26,919)</u>	<u>(1,398,775)</u>	<u>(7,789,915)</u>
Total Additions	<u>(3,696,993)</u>	<u>(2,171,471)</u>	<u>65,418</u>	<u>(1,039,841)</u>	<u>(6,842,887)</u>
Deductions					
Benefits	<u>1,264,156</u>	<u>754,924</u>	<u>-</u>	<u>198,901</u>	<u>2,217,981</u>
Total Deductions	<u>1,264,156</u>	<u>754,924</u>	<u>-</u>	<u>198,901</u>	<u>2,217,981</u>
Change in Net Position	(4,961,149)	(2,926,395)	65,418	(1,238,742)	(9,060,868)
Net Position - Beginning of Year	<u>25,981,984</u>	<u>14,368,468</u>	<u>149,474</u>	<u>8,808,754</u>	<u>49,308,680</u>
Net Position - End of Year	<u>\$ 21,020,835</u>	<u>\$ 11,442,073</u>	<u>\$ 214,892</u>	<u>\$ 7,570,012</u>	<u>\$ 40,247,812</u>