

**SPRINGFIELD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2020

SPRINGFIELD TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Springfield Township
Montgomery County, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Montgomery County, Pennsylvania as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Montgomery County, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

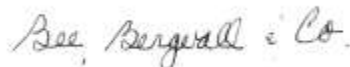
Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and the historical trend information on pages 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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



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

Warrington, PA
August 13, 2021

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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, 2020. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

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 2020 by \$45.6 million (total net position). Of this amount, \$7.95 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 \$10.3 million.

The Township's General Fund had total revenues of \$16,687,461 generated in tax and other revenues compared with total expenditures of \$13,719,284, providing an excess of revenues over expenditures of \$2,968,177 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net increase in fund balance of \$1,346,444 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 \$6,079, or 0.04% less than the adopted budget, while revenues exceeded budget expectations by \$693,627, or 4.56%. Revenue categories that surpassed expectations include transfer taxes, business and mercantile taxes, earned income taxes, interest and rent, and miscellaneous revenues. Real Estate Taxes, which are the single largest source of revenue, were within 5.72% of budget projections.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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, 2020**

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, 2020**

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019 Restated</u>
Current and other assets	\$ 16,567,306	\$ 11,648,157
Capital assets	<u>45,136,661</u>	<u>45,526,959</u>
Total Assets	<u>61,703,967</u>	<u>57,175,116</u>
Deferred Outflows of Resources	<u>1,444,784</u>	<u>1,463,488</u>
Long-term liabilities	11,209,441	12,229,860
Other liabilities	<u>1,056,257</u>	<u>957,102</u>
Total Liabilities	<u>12,265,698</u>	<u>13,186,962</u>
Deferred Inflows of Resources	<u>5,318,420</u>	<u>3,171,131</u>
Net Position:		
Invested in capital assets, net of debt	36,759,661	36,710,910
Restricted	855,033	745,015
Unrestricted	<u>7,949,939</u>	<u>4,824,586</u>
Total Net Position	<u>\$ 45,564,633</u>	<u>\$ 42,280,511</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 2020, Springfield Township's assets exceeded liabilities by \$45.6 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 2020 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately \$3.3 million. Current assets increased by \$4.9 million; invested in capital assets, net of debt increased by \$48,751; and restricted net position increased by \$110,018.

Due to fluctuations in the actuarial determined pension and other post-employment benefits liabilities, deferred outflows of resources decreased by \$18,704; long-term liabilities decreased by \$1.0 million; and deferred inflows increased by \$2.1 million.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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 2020 the Township experienced an increase in net position of \$3.3 million. The following chart shows the revenues and expenses of the governmental activities:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
REVENUES		
Program revenues:		
Charges for services	\$ 2,291,330	\$ 2,227,738
Operating grants and contributions	1,534,090	1,313,677
Capital grants and contributions	239,285	70,264
General revenues:		
Property taxes	5,745,566	5,772,468
Other taxes	5,936,332	5,516,879
Grants and contributions not restricted to specific programs	10,860	9,782
Investment income	277,499	299,426
Gain (loss) on sale/retirement of assets	(54,424)	(6,006)
Miscellaneous	1,496,187	1,101,835
Total Revenues	<u>\$ 17,476,725</u>	<u>\$ 16,306,063</u>

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

EXPENSES		
Administration	\$ 5,400,347	\$ 6,183,077
Licenses and permits	286,546	230,387
Police and emergency service	3,910,150	4,005,558
Public works	1,772,847	2,225,988
Sanitation and recycling	1,633,971	1,576,327
Library	921,306	911,747
Parks and recreation	<u>267,436</u>	<u>537,935</u>
Total Expenses	<u>14,192,603</u>	<u>15,671,019</u>
Change in Net Position	3,284,122	635,044
Net Position - Beginning	<u>42,280,511</u>	<u>41,645,467</u>
Net Position - Ending	<u>\$ 45,564,633</u>	<u>\$ 42,280,511</u>

In 2020, the revenue category property taxes decreased by \$26,902 (.5%) due to processing delays caused by the COVID pandemic.

The revenue category Other Taxes increased by \$419,453 due principally to increases in the real estate transfer tax due to a robust housing market. Miscellaneous revenues increased by \$394,352 (35.8%) as a result of increases in Engineer Review and Legal Review fees and an increase of Refunds for Police Services. In addition, a portion of this increase is attributed to employee paid health insurance contributions are now being reported as miscellaneous revenue. Other revenue categories with increases from the prior year levels include operating grants and contributions, and capital grants and contributions.

Expenses related to administration decreased by \$782,730 (12.7%), while parks and recreation saw a decrease of \$270,499 (50.3%) in 2020 primarily due to the cancellation of various recreation programs necessitated by COVID restrictions. Other significant fluctuations include a decrease in public works of \$453,141 (20%) due to fewer severe weather events. There was also a decrease in police and emergency services of \$95,408 (2.4%) due to staff retirement and reductions to vehicle operating expenses.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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, 2020**

Current Year Impacts – Revenues and Expenses

Governmental Activities

For the fiscal year ended December 31, 2020, revenues for governmental activities totaled \$17.5 million. The township's largest revenue source was the category other taxes, of which \$5.9 million (33.7%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The second largest revenue category was property taxes, which included \$5.7 million (32.7%) in receipts. The third largest revenue source was the category charges for services. The Township collected \$2.3 million (13.1%) in refuse service fees, building permits, and activity fees for parks and recreation programs. The fourth largest revenue source, operating grants and contributions, included receipts totaling \$1.5 million (16.8%). Other significant sources of general revenues include miscellaneous revenue \$1,496,187 (8.6%), and investment income \$277,499 (1.6%). The sale/retirement of assets resulted in a loss of \$54,424.

For the 2020 fiscal year, expenses for government activities totaled \$14.2 million, representing a decrease of \$1.5 million from the prior year. As the table on page 10 indicates, activities funded through the administration operating department constitute the single largest program expense at \$5.4 million (38% of total expenses). The second largest program expense is for police and emergency services at \$3.9 million (27.6%). Public works expenses are the third largest expense category at \$1.8 million (12.5%). Sanitation and recycling expenses are the next largest program expense at \$1.6 million (11.5%). Library expenditures were \$921,306 (6.5%), parks and recreation expenses were \$267,436 (1.9%), and licenses and permits were \$286,546 (2.0%).

The decrease in governmental expenses over the prior year is primarily a result of COVID. Other major decreases were related to fewer severe winter weather events requiring the services of public works. Police and emergency services also decreased due to several retirements. These decreases are slightly offset with increases in spending by sanitation and recycling (disposal fees) and the library.

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2020, revenues exceeded expenses by \$3.3 million, resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$45.6 million.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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 under budget, with total expenditures \$6,079 (.04%) less than budget. Total revenues exceeded budget estimates by \$693,627 (4.6%), resulting in an excess of revenues over expenses of \$699,706, before other financing sources and uses. The additional revenues can be attributed to better than expected receipts for real estate transfer, earned income, and business privilege and mercantile tax collections. There were also revenue increases in interest and rent as well as in miscellaneous revenues. These increases were offset by revenue decreases in real estate tax and local services receipts, licenses and permits, intergovernmental services, and charges for services. Real estate tax receipts were still within 5.8% of budget and are expected to be received in subsequent years. 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 2020, the Township had \$45.1 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 2020 is presented in detail on pages 39 and 40 of the Notes section.

	Beginning Balance		Net Additions (Deletions)		Ending Balance	
	1/1/20	1/1/19	2020	2019	12/31/20	12/31/19
Non-Depreciable Assets						
Land and easements	\$ 4,446,627	\$ 4,461,627	\$ -	\$ (15,000)	\$ 4,446,627	\$ 4,446,627
Construction in progress	698,264	556,223	58,975	142,041	757,239	698,264
Other Capital Assets						
Land improvements	4,683,621	4,672,621	331,901	11,000	5,015,522	4,683,621
Buildings and improvements	30,375,614	30,087,338	477,513	288,276	30,853,127	30,375,614
Machinery and equipment	1,665,672	1,696,293	(25,437)	(30,621)	1,640,235	1,665,672
Vehicles	3,699,729	3,906,811	(84,562)	(207,082)	3,615,167	3,699,729
Library collection	2,873,533	2,792,733	77,558	80,800	2,951,091	2,873,533
Infrastructure	14,139,851	13,996,925	258,249	142,926	14,398,100	14,139,851
Less: accumulated depreciation on capital assets	<u>(17,055,952)</u>	<u>(15,756,330)</u>	<u>(1,484,495)</u>	<u>(1,299,622)</u>	<u>(18,540,447)</u>	<u>(17,055,952)</u>
Totals	<u>\$ 45,526,959</u>	<u>\$ 46,414,241</u>	<u>\$ (390,298)</u>	<u>\$ (887,282)</u>	<u>\$ 45,136,661</u>	<u>\$ 45,526,959</u>

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2020, the Township closed out several public projects including the construction of a new softball field at Bysher Fields, ADA improvements at Chiramonte Park through Montgomery County's Community Development Block Grant program, and an extensive renovation of the restroom facilities at the Recreation Center on Willow Grove Avenue to enhance ADA accessibility. 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, 2020**

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 2020, the Township’s level of outstanding debt was \$8,377,000, 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 August 2010, a general obligation note in the amount of \$550,000 was obtained to perform stormwater management improvements in the 300 Block of Oreland Mill Road. The note bears an interest rate of 3.90% per annum for ten years. The Note was paid in full at the end of 2019.

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 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 November.

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 2020 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, 2020**

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 2020 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 parkland improvement projects, the launch of a new Township website, and continued renovations to the recreation center on Willow Grove Avenue. Public safety improvements included upgrades to the township's traffic signal system, communications equipment, and the replacement of two police vehicles and associated equipment. These projects were funded utilizing a combination of capital reserve funds and government grants.

The 2020 Real Estate Tax rate was the same as in 2019. The Township was able to maintain the same tax rate as in 2019 due to a modest reduction in administrative salaries and pension obligations, as well as the satisfaction of a 2010 general obligation loan utilized for stormwater improvements. These savings were offset by anticipated increases to employee wages and benefits, capital projects, and municipal building utility and maintenance expenses.

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 2020. The 2020 refuse fee increased by \$9.10 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 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 2020 real estate tax and refuse service fee is combined, the typical household realized an increase of \$9.10, or 0.9% over the combined 2019 real estate tax and refuse fee. The 2020 year-end financials saw general fund revenues exceed budget estimates for expenditures by \$6,079 or 0.04%. 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 \$5.7 million in receipts.

In addition to real estate tax revenues, which was less than expected by \$335,361 in 2020, the other revenue sources that did not meet projections included amusement tax \$500, licenses and permits \$6,554, fines and forfeitures \$25,315, and charges for services \$6,483. All other revenue sources exceeded projections.

General Fund expenses in 2020 were primarily in line with projections coming in at just \$6,079 under budget. Operating expenditures related to parks & recreation, health and sanitation, and miscellaneous expenses were 2.49%, 1.96% and 1.37% more than expected, respectively. All other expense categories were less than projected, with general government, public safety and highway and roads expenditures representing the majority of the decrease at \$51,564, \$37,701 and \$8,392, respectively.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

In March 2020, the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization and as of 2021, is still affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. The pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. Although the Township is hopeful that the worst of the pandemic is over, the Township cannot predict exactly how the pandemic will impact its long-term financial condition or operations. To-date the Township has largely continued its normal operations throughout the pandemic 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, with listings lasting only a short period of time, and receipts from the earned income and business privilege taxes exceeded projections.

After experiencing no change to the real estate tax rate in 2020, the 2021 real estate tax rate increased by \$13.15 per household, with the millage rate increasing to 4.516 mills. Receipts from the real estate transfer are expected to increase slightly, while earned income tax receipts were projected to remain the same. Slight increases in local services taxes and business privilege taxes are projected to be offset by a minor projected decrease in mercantile taxes. Once again these projections are based upon the township's most recent collection history, together with estimates provided by the parties responsible for collecting the taxes.

After decreasing general operating budget expenditures by \$27,626 or 0.16% in 2020, the 2021 budget will see another decrease in general operating expenditures. The 2021 general operating budget will be \$141,063 or 0.81% less than the 2020 adopted budget. The decrease of 0.81% can be attributed to a reduction in capital project expenditures, including debt service payments, together with modest reductions to property & liability and workers' compensation insurance premiums. These savings are offset by contractual increases to employee wages and benefits, contributions to the volunteer fire companies, and refuse and recycling disposal fees.

The refuse service fee, which increased by \$9.10 per household in 2020, will increase by \$1.52 per household in 2021 due to increases in the waste and recycling disposal fees and, to a lesser extent, contractual increases to employee wages. These increases are offset by a reduction to the annual capital equipment contribution that funds the replacement of collection vehicles. The reduction is possible due to securing a Pennsylvania Department of Environmental Protection 902 Recycling Grant that will fund all but 10% of the cost of a new replacement collection vehicle.

The combined 2021 real estate tax and refuse service fee paid by the typical household will increase by \$14.67 or 1.46% over those paid in 2020.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

The Township was able to reduce the debt service payments through the refinancing of its 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 2020 General Obligation Note, like the 2016 Note, will be paid off in October 2036. As such, the debt service payments will decrease by \$206,245 in 2021. Additional capital expenses include funding for additional video cameras at the recreation center, the purchase of police officer body cameras, appropriations for replacement police vehicles and equipment, sidewalk repairs, routine computer hardware and software upgrades, and appropriations for new and replacement tools and equipment. The Township will also appropriate \$295,000 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 2021. The police labor agreement, which expired at the end of 2018, was decided through arbitration with police wages increasing by 3.25% in 2019, 3.5% in 2020, 3.75% in 2021, and 3.95% in 2022. 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 increased by 3.25% in 2020.

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 public works and salaried employees contribute 1% of their wages towards the cost of their medical benefits. The arbitration settlement with the police union introduced a condition whereby members of the police bargaining unit are now required to contribute one percent (1%) of their annual base salary to their healthcare premiums. 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 2021 increase.

Municipal pension fund obligations, after decreasing by \$539,244, or 31.6% in 2020, will increase by \$60,658 or 5.2% in 2021 based upon the latest actuarial projections. The township assumes a 6.75% return on pension investments, with any shortfall funded by the municipality. All employees contribute between 3% and 5% of their wages toward future pension benefits. In order to gain cost certainty for future retirement benefits, a new defined contribution retirement plan was created for all salaried employees hired after January 1, 2016. Over time it is hoped that the new defined contribution plan will ease the township's post-retirement obligations.

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, 2020

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,661,144
Investments	7,202,634
Receivables	2,814,543
Temporarily restricted assets:	
Cash Escrows	68,155
Investments	33,961
Net pension asset	4,786,869
Capital assets not being depreciated:	
Land	4,446,627
Construction in progress	757,239
Other capital assets (net of accumulated depreciation)	39,932,795
Total Assets	<u>61,703,967</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows for pensions	985,907
Deferred outflows for OPEB plan	458,877
Total deferred outflows of resources	<u>1,444,784</u>
 <u>LIABILITIES</u>	
Accounts payable and other current liabilities	667,698
Escrows	68,155
Unearned revenue	28,404
Non-current liabilities:	
Due within one year	292,000
Due after one year	11,209,441
Total Liabilities	<u>12,265,698</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows for pensions	4,300,191
Deferred inflows for OPEB plan	1,018,229
Total deferred inflows of resources	<u>5,318,420</u>
 <u>NET POSITION</u>	
Net investment in capital assets	36,759,661
Restricted for:	
Public safety	-
Library	116,796
Highways and streets	670,082
Capital outlay	68,155
Unrestricted	7,949,939
Total Net Position	<u>\$ 45,564,633</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, 2020

	<u>Governmental Activities</u>				
	<u>Total Primary Government</u>	<u>Adminis- trative</u>	<u>Licenses and Permits</u>	<u>Police and Emergency Services</u>	<u>Public Works</u>
Expenses:					
Program expenses	\$ 12,210,041	\$ 4,920,903	\$ 286,546	\$ 3,799,944	\$ 790,913
Depreciation	1,762,053	258,935	-	110,206	981,934
Interest on debt	220,509	220,509	-	-	-
Total Expenses	<u>14,192,603</u>	<u>5,400,347</u>	<u>286,546</u>	<u>3,910,150</u>	<u>1,772,847</u>
Program Revenues:					
Charges for services	2,291,330	19,910	523,582	52,633	1,450
Operating grants and contributions	1,534,090	466,140	-	153,026	591,065
Capital grants and contributions	239,285	-	-	-	-
Total Program Revenues	<u>4,064,705</u>	<u>486,050</u>	<u>523,582</u>	<u>205,659</u>	<u>592,515</u>
Net (Expense) Revenue	(10,127,898)	(4,914,297)	237,036	(3,704,491)	(1,180,332)
General Revenues:					
Taxes:					
Real estate	5,745,566				
Transfer taxes	698,711				
Business and mercantile taxes	1,328,245				
Earned income taxes	3,658,846				
Local services tax	250,530				
Grants and contributions not restricted to specific programs	10,860				
Investment earnings	277,499				
Gain (loss) on sale/retirement of assets	(54,424)				
Miscellaneous	1,496,187				
Total General Revenues	<u>13,412,020</u>				
Change in Net Position	3,284,122				
Net Position - Beginning (Restated)	<u>42,280,511</u>				
Net Position - Ending	<u>\$ 45,564,633</u>				

<u>Sanitation and Recycling</u>	<u>Sewer</u>	<u>Library</u>	<u>Park and Recreation</u>
\$ 1,584,757	\$ -	\$ 694,371	\$ 132,607
49,214	-	226,935	134,829
-	-	-	-
<u>1,633,971</u>	<u>-</u>	<u>921,306</u>	<u>267,436</u>
1,542,080	4,172	-	147,503
-	186,209	121,575	16,075
-	250	-	-
<u>1,542,080</u>	<u>190,631</u>	<u>121,575</u>	<u>163,578</u>
(91,891)	190,631	(799,731)	(103,858)

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

SPRINGFIELD TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2020

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 406,827	\$ 1,136,418	\$ 117,899	\$ 1,661,144
Investments	1,973,889	4,655,443	573,302	7,202,634
Receivables				
Taxes	1,360,740	-	-	1,360,740
Accounts	1,071,640	-	-	1,071,640
Interest	24,197	-	-	24,197
Due from agency funds	-	-	-	-
Due from other funds	630	1,259,469	-	1,260,099
Total Current Assets	<u>4,837,923</u>	<u>7,051,330</u>	<u>691,201</u>	<u>12,580,454</u>
Restricted Assets				
Cash Escrows	-	68,155	-	68,155
Investments	-	33,961	-	33,961
Total Restricted Assets	<u>-</u>	<u>102,116</u>	<u>-</u>	<u>102,116</u>
 TOTAL ASSETS	 <u>\$ 4,837,923</u>	 <u>\$ 7,153,446</u>	 <u>\$ 691,201</u>	 <u>\$ 12,682,570</u>
<u>LIABILITIES</u>				
Accounts payable and accrued wages	\$ 519,093	\$ 128,116	\$ 20,489	\$ 667,698
Unearned revenue	28,404	-	-	28,404
Due to other funds	1,259,469	-	630	1,260,099
Escrows	-	68,155	-	68,155
Total Liabilities	<u>1,806,966</u>	<u>196,271</u>	<u>21,119</u>	<u>2,024,356</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue- property taxes	175,111	-	-	175,111
Unavailable revenue- sewer fees	99,997	-	-	99,997
Unavailable revenue - refuse fees	118,176	-	-	118,176
Total deferred inflows of resources	<u>393,284</u>	<u>-</u>	<u>-</u>	<u>393,284</u>
<u>FUND BALANCES</u>				
Restricted:				
Public safety	-	-	-	-
Library	-	116,796	-	116,796
Highway	-	-	670,082	670,082
Capital outlay	-	68,155	-	68,155
Assigned:				
Library capital outlay	-	68,697	-	68,697
Capital outlay	-	6,703,527	-	6,703,527
Unassigned	2,637,673	-	-	2,637,673
Total Fund Balances	<u>2,637,673</u>	<u>6,957,175</u>	<u>670,082</u>	<u>10,264,930</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 4,837,923</u>	 <u>\$ 7,153,446</u>	 <u>\$ 691,201</u>	 <u>\$ 12,682,570</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, 2020

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

Total fund balances-total governmental funds (page 21)	\$ 10,264,930
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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	63,677,108	
Accumulated depreciation	<u>(18,540,447)</u>	45,136,661

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	357,966	
Deferred inflows for taxes and revenues	<u>393,284</u>	751,250

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	985,907	
Deferred outflows for OPEB plan	458,877	
Deferred inflows for pensions	(4,300,191)	
Deferred inflows for OPEB plan	<u>(1,018,229)</u>	(3,873,636)

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

Notes payable	(8,377,000)	
Net pension asset	4,507,000	
Net post-retirement benefits obligation	<u>(2,844,572)</u>	<u>(6,714,572)</u>

Net position of governmental activities (page 18)	<u>\$ 45,564,633</u>
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SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2020

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Real estate	\$ 5,699,509	\$ -	\$ -	\$ 5,699,509
Transfer	698,711	-	-	698,711
Business and mercantile	1,328,245	-	-	1,328,245
Earned income	3,586,235	-	-	3,586,235
Local services	250,530	-	-	250,530
Fees, licenses and permits	467,826	-	-	467,826
Investment income and rent	389,839	72,831	13,682	476,352
Intergovernmental revenues	1,176,845	250	591,065	1,768,160
Fines and forfeitures	44,698	-	-	44,698
Charges for services	2,133,412	48,275	-	2,181,687
Other	911,611	-	-	911,611
Total Revenues	<u>16,687,461</u>	<u>121,356</u>	<u>604,747</u>	<u>17,413,564</u>
Expenditures				
Current:				
General government	1,566,426	-	-	1,566,426
Public safety	4,700,443	-	-	4,700,443
Health and sanitation	1,579,042	-	-	1,579,042
Highways and roads	1,274,709	-	554,846	1,829,555
Culture and recreation	1,192,481	-	-	1,192,481
Miscellaneous	3,406,183	-	-	3,406,183
Debt service:				
Principal	-	460,049	-	460,049
Interest	-	173,162	-	173,162
Capital projects	-	972,580	-	972,580
Total Expenditures	<u>13,719,284</u>	<u>1,605,791</u>	<u>554,846</u>	<u>15,879,921</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,968,177</u>	<u>(1,484,435)</u>	<u>49,901</u>	<u>1,533,643</u>
Other Financing Sources (Uses)				
Proceeds from debt issuance	-	8,786,000	-	8,786,000
Payment to refund note	-	(8,765,000)	-	(8,765,000)
Transfers in	-	1,621,733	-	1,621,733
Transfers out	<u>(1,621,733)</u>	<u>-</u>	<u>-</u>	<u>(1,621,733)</u>
Total Other Financing Sources (Uses)	<u>(1,621,733)</u>	<u>1,642,733</u>	<u>-</u>	<u>21,000</u>
Net Change in Fund Balance	1,346,444	158,298	49,901	1,554,643
Fund Balance - Beginning (Restated)	<u>1,291,229</u>	<u>6,798,877</u>	<u>620,181</u>	<u>8,710,287</u>
Fund Balance - Ending	<u>\$ 2,637,673</u>	<u>\$ 6,957,175</u>	<u>\$ 670,082</u>	<u>\$ 10,264,930</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, 2020

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)		\$ 1,554,643
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	1,444,876	
Depreciation expense	<u>(1,762,053)</u>	(317,177)
The effect of sales of capital assets is to decrease net assets.		(73,121)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		136,282
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.		
Issuance of bonds payable	(8,786,000)	
Payment to refund note	8,765,000	
Repayment of debt	<u>460,049</u>	439,049
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	1,593,128	
Net post-retirement benefits and deferred items	<u>(48,682)</u>	<u>1,544,446</u>
Change in net position of governmental activities (pages 19-20)		<u>\$ 3,284,122</u>

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, 2020

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Cash Basis	
	Original	Final	ACTUAL	
Revenues				
Taxes:				
Real estate	\$ 5,866,563	\$ 5,866,563	\$ 5,531,202	\$ (335,361)
Transfer	514,500	514,500	693,095	178,595
Business and mercantile	1,050,000	1,050,000	1,330,712	280,712
Earned income	3,300,000	3,300,000	3,513,971	213,971
Local services	175,000	175,000	261,332	86,332
Amusement	1,000	1,000	500	(500)
Licenses and permits	477,500	477,500	470,946	(6,554)
Fines and forfeitures	71,500	71,500	46,185	(25,315)
Interest and rent	338,066	338,066	420,521	82,455
Intergovernmental revenues	772,895	772,895	991,383	218,488
Charges for services	2,131,198	2,131,198	2,124,715	(6,483)
Miscellaneous revenues	499,364	499,364	506,651	7,287
Total Revenues	<u>15,197,586</u>	<u>15,197,586</u>	<u>15,891,213</u>	<u>693,627</u>
Expenditures				
Current:				
General government	1,409,169	1,520,180	1,468,616	(51,564)
Public safety	4,735,628	4,713,390	4,675,689	(37,701)
Health and sanitation	1,442,954	1,583,539	1,614,644	31,105
Highways and roads	1,596,639	1,270,859	1,262,467	(8,392)
Parks and recreation	476,152	412,586	422,874	10,288
Library services	802,914	753,829	758,058	4,229
Miscellaneous	3,681,447	3,359,123	3,405,079	45,956
Total Expenditures	<u>14,144,903</u>	<u>13,613,506</u>	<u>13,607,427</u>	<u>(6,079)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,052,683</u>	<u>1,584,080</u>	<u>2,283,786</u>	<u>699,706</u>
Other Financing Sources (Uses)				
Sale of capital assets	10,000	10,000	18,697	8,697
Transfers in	1,675,654	1,675,654	-	(1,675,654)
Transfers out	(1,621,733)	(1,621,733)	(1,621,733)	-
Total Other Financing Sources (Uses)	<u>63,921</u>	<u>63,921</u>	<u>(1,603,036)</u>	<u>(1,666,957)</u>
Net Change in Fund Balance	1,116,604	1,648,001	680,750	(967,251)
Fund Balance - Beginning	<u>1,291,229</u>	<u>1,291,229</u>	<u>1,291,229</u>	
Fund Balance - Ending	<u>\$ 2,407,833</u>	<u>\$ 2,939,230</u>	<u>\$ 1,971,979</u>	

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

SPRINGFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2020

	<u>Pension Trust</u> <u>Funds</u>	<u>Custodial</u> <u>Fund</u> <u>Recycling</u>
<u>ASSETS</u>		
Cash	\$ 1,210,472	\$ 228,259
Contributions receivable	21,293	-
Due from other pension	10,494	-
Investments		
Exchange traded funds and closed end funds	<u>42,964,149</u>	<u>-</u>
 Total Assets	 <u>\$ 44,206,408</u>	 <u>\$ 228,259</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 29,067	\$ -
Due to other pension	<u>10,494</u>	<u>-</u>
Total Liabilities	<u>39,561</u>	<u>-</u>
 <u>NET POSITION</u>		
Net Position - Restricted for Pension Benefits	\$ 44,166,847	\$ -
Net Position - Restricted for Municipalities	<u>-</u>	<u>228,259</u>
Total Net Position	<u>\$ 44,166,847</u>	<u>\$ 228,259</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, 2020

	Pension Trust Funds	Custodial Fund Recycling
Additions		
Contributions		
Member contributions	\$ 251,841	\$ -
Employer contributions	499,241	-
State aid	457,916	-
Total Contributions	<u>1,208,998</u>	<u>-</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	5,103,246	-
Dividends & Interest	<u>812,756</u>	<u>5,177</u>
Total Investment Earnings	5,916,002	5,177
Less: investment expense	<u>(122,805)</u>	<u>-</u>
Net Investment Earnings	<u>5,793,197</u>	<u>5,177</u>
Total Additions	<u>7,002,195</u>	<u>5,177</u>
Deductions		
Benefits	<u>2,121,594</u>	<u>-</u>
Total Deductions	<u>2,121,594</u>	<u>-</u>
Change in Net Position	4,880,601	5,177
Net Position - Beginning of Year (Restated)	<u>39,286,246</u>	<u>223,082</u>
Net Position - End of Year	<u>\$ 44,166,847</u>	<u>\$ 228,259</u>

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020, 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, 2020 are recognized as revenue for the year ending December 31, 2020.

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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

5. *Capital assets (continued)*

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.

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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

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, 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.

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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

10. 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 period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township has the following items that qualify for reporting in this category.

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 as an outflow of resources 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 as an inflow of resources in the period that the amount becomes available.

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 period(s) 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.

1. *Unavailable revenue - 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.
2. *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 as an inflow of resources in the period that the amounts become available.
3. *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 as an outflow of resources in the period that the amount becomes available.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

10. Deferred outflows/inflows of resources (continued)

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.

11. 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.

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 were recorded or disclosed.

13. Restated Prior Year Balances

The General Fund balance, and governmental activities net position, has been restated by \$69,715 to capture amounts that were payable in the prior year.

14. New Accounting Pronouncements

In 2020, the Township adopted Government Statement No. 84 *Fiduciary Activities*. The effect of this change was to move the certain recycling deposits from liabilities in the Fiduciary funds to Net Position Restricted for Municipalities in the Fiduciary Funds. Additions are now recorded as receipts and disbursements are recorded as expenses. Beginning net position in the fiduciary funds increased by \$223,082 as a result of adapting this change.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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 2020. 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	\$ 1,346,444
Accrued revenues at December 31, 2019	1,587,989
Accrued revenues at December 31, 2020	(2,517,670)
Accrued liabilities at December 31, 2019	(676,793)
Accrued liabilities at December 31, 2020	940,780
Budgetary (Cash) Basis	<u>\$ 680,750</u>

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2020, expenditures exceeded appropriations in the following categories: health and sanitation \$31,105, parks and recreation \$10,288, library \$4,229, and miscellaneous \$45,956. These over expenditures were funded by greater than anticipated revenues.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

At year-end, the Township's bank balance was \$2,060,215. Of that balance, \$500,000 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	6,989,803	306,488	6,683,315
U.S. Government agencies	144,134	-	144,134
Total Governmental Funds	<u>\$ 7,236,595</u>	<u>\$ 409,146</u>	<u>\$ 6,827,449</u>
Fiduciary Funds:			
Mutual Funds	\$ 736,832	\$ -	\$ -
Exchange Traded (ETF's)	42,227,317	-	-
Total Fiduciary Funds	<u>\$ 42,964,149</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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

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.

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 \$3,284,766 that exceeded greater than 5% in any one single issuer that would be considered a concentration of credit risk for December 31, 2020.

B. *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>	Fiduciary <u>Funds</u>	<u>Total</u>
Taxes			
Real estate	\$ 470,924	\$ -	\$ 470,924
Transfer	93,396	-	93,396
Business/mercantile	4,574	-	4,574
Earned income	721,652	-	721,652
Local services	70,194	-	70,194
Accounts	1,071,640	-	1,071,640
Interest	24,197	-	24,197
Contributions	-	21,293	21,293
Total Receivables	<u>\$ 2,456,577</u>	<u>\$ 21,293</u>	<u>\$ 2,477,870</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

C. *Interfund receivables, payables, and transfers*

As of December 31, 2020, 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>
Capital reserve	\$ -	\$ 1,259,469
General	<u>1,259,469</u>	<u>-</u>
Total	<u>\$ 1,259,469</u>	<u>\$ 1,259,469</u>

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 1,621,733	\$ -
Capital reserve	<u>-</u>	<u>1,621,733</u>
Total	<u>\$ 1,621,733</u>	<u>\$ 1,621,733</u>

D. *Capital assets*

Capital asset activity for the year ended December 31, 2020 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>698,264</u>	<u>830,878</u>	<u>(771,903)</u>	<u>757,239</u>
Total Capital Assets, not being depreciated	<u>5,144,891</u>	<u>830,878</u>	<u>(771,903)</u>	<u>5,203,866</u>
Capital Assets, being depreciated:				
Land improvements	4,683,621	331,901	-	5,015,522
Buildings and improvements	30,375,614	477,513	-	30,853,127
Machinery and equipment	1,665,672	-	(25,437)	1,640,235
Vehicles	3,699,729	103,833	(188,395)	3,615,167
Library collection	2,873,533	79,558	(2,000)	2,951,091
Infrastructure	<u>14,139,851</u>	<u>393,096</u>	<u>(134,847)</u>	<u>14,398,100</u>
Total Capital Assets being depreciated	<u>57,438,020</u>	<u>1,385,901</u>	<u>(350,679)</u>	<u>58,473,242</u>
Less Accumulated Depreciation for:				
Land improvements	1,852,841	250,064	-	2,102,905
Buildings and improvements	3,035,143	747,769	-	3,782,912
Machinery and equipment	1,377,022	81,390	(25,438)	1,432,974
Vehicles	2,397,883	275,262	(188,395)	2,484,750
Library collection	2,519,541	70,519	(2,000)	2,588,060
Infrastructure	<u>5,873,522</u>	<u>337,049</u>	<u>(61,725)</u>	<u>6,148,846</u>
Total Accumulated Depreciation	<u>17,055,952</u>	<u>1,762,053</u>	<u>(277,558)</u>	<u>18,540,447</u>
Total Capital Assets, being depreciated, net	<u>40,382,068</u>	<u>(376,152)</u>	<u>(73,121)</u>	<u>39,932,795</u>
Governmental Activities Capital Assets, net	<u>\$ 45,526,959</u>	<u>\$ 454,726</u>	<u>\$ (845,024)</u>	<u>\$ 45,136,661</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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	\$	258,935
Police and Emergency Services		110,206
Public Works		981,934
Sanitation and Recycling		49,214
Library		226,935
Park and Recreation		<u>134,829</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,762,053</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. 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. In 2020, the Township issued General Obligation Notes in the amount of \$8,786,000 to currently refund the Township's General Obligation Note, Series 2016. The General Obligation Note, Series 2016 are considered defeased. The refunding resulted in a cash flow savings of \$854,484 over the life of the new debt, and an economic present value gain of \$728,019. Interest is payable semi-annually. General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	1.55%	\$ <u>8,377,000</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning			Ending	Due within
Governmental activities:	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>one year</u>
Notes payable	\$ 8,816,049	\$ 8,786,000	\$ (9,225,049)	\$ 8,377,000	\$ 292,000
Net pension liability	1,022,408	647,343	(1,389,882)	279,869	-
Net post-retirement obligation	<u>2,872,452</u>	<u>300,582</u>	<u>(328,462)</u>	<u>2,844,572</u>	-
Governmental activity					
Long-Term Liabilities	<u>\$ 12,710,909</u>	<u>\$ 9,733,925</u>	<u>\$ (10,943,393)</u>	<u>\$ 11,501,441</u>	<u>\$ 292,000</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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
2021	\$ 292,000	\$ 129,852
2022	485,000	125,326
2023	492,000	117,808
2024	499,000	110,181
2025	511,000	102,446
2026-2030	2,654,000	391,400
2031-2035	2,848,000	179,951
2036	596,000	9,239
	<u>\$ 8,377,000</u>	<u>\$ 1,166,203</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 \$172,628 in insurance premium expense to the Delaware Valley Property & Liability Trust pool for coverage year 2020. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2020 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield's share was \$50,350. Springfield paid \$2,394 in deductibles during coverage year 2020.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

A. *Risk management (continued)*

The Township paid \$204,150 in insurance premium expense to the Delaware Valley Workers' Compensation Trust for coverage year 2020. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2020 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield's share was \$26,951. The Township received \$6,365 as a result of the payroll audit of the 2019 coverage year. An audit of the reported 2020 payroll will be performed during the first quarter of 2021.

The Township paid \$1,772,253 in insurance premium expense to the Delaware Valley Health Trust for coverage year 2020. There were no refunds or dividends distributed.

Uncertainties: A global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency in 2020. As a result, economic uncertainties have arisen that could negatively impact the Township finances including investment income. The potential impact is unknown at this time.

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, 2019. Details below are from the valuation.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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)	33	20	7
Inactive Members Entitled to but not yet Receiving Benefits	1	3	4
Active Members	<u>29</u>	<u>15</u>	<u>25</u>
	<u>63</u>	<u>38</u>	<u>36</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, 2020

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.

Summary of Significant Accounting Policies and Plan Asset Matters

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, 2020

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, 2020

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 \$457,916 for the pensions for the year ended December 31, 2020.

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, 2020, the annual money-weighted rate of return on Plan investments, net of pension investment expense was 14.93% for the Police, 14.64% for the Salaried Employees Pension Plan, and 15.35% 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, 2020 were as follows:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Total pension liability	\$ 20,559,336	\$ 11,146,003	\$ 7,890,934
Plan fiduciary net position	<u>(23,587,670)</u>	<u>(12,904,538)</u>	<u>(7,611,065)</u>
Net pension liability (asset)	<u>\$ (3,028,334)</u>	<u>\$ (1,758,535)</u>	<u>\$ 279,869</u>
Plan fiduciary net position as a percentage of the total pension liability	115%	116%	96%

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

C. *Defined benefit pension plan (continued)*

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2019 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	6.75%	6.75%	6.75%	(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 UP-94 Mortality Table for males and females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018.

The net pension liabilities for all three plans were measured as of December 31, 2020 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2019. There were no significant changes in benefit terms or 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, 2020

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 6.75% 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, 2019	\$ 20,301,770	\$ 21,366,322	\$ (1,064,552)
Changes for the year:			
Service cost	319,677	-	319,677
Interest	1,346,909	-	1,346,909
Change of benefit terms	-	-	-
Differences between expected and actual experience	(74,550)	-	(74,550)
Change of assumptions	-	-	-
Contributions - employer	-	286,645	(286,645)
Contributions - employee	-	152,165	(152,165)
Net investment income	-	3,117,008	(3,117,008)
Benefit payments, including refunds of employee contributions	(1,334,470)	(1,334,470)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>257,566</u>	<u>2,221,348</u>	<u>(1,963,782)</u>
Balance at December 31, 2020	<u>\$ 20,559,336</u>	<u>\$ 23,587,670</u>	<u>\$ (3,028,334)</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

C. *Defined benefit pension plan (continued)*

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability (Asset)</u>
<u>Salaried Pension Plan</u>			
Balance at December 31, 2019	\$ 10,724,436	\$ 11,506,733	\$ (782,297)
Changes for the year:			
Service cost	187,661	-	187,661
Interest	714,666	-	714,666
Change of benefit terms	-	-	-
Differences between expected and actual experience	168,153	-	168,153
Change of assumptions	-	-	-
Contributions - employer	-	346,054	(346,054)
Contributions - employee	-	32,996	(32,996)
Net investment income	-	1,667,668	(1,667,668)
Benefit payments, including refunds of employee contributions	(648,913)	(648,913)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>421,567</u>	<u>1,397,805</u>	<u>(976,238)</u>
Balance at December 31, 2020	<u>\$ 11,146,003</u>	<u>\$ 12,904,538</u>	<u>\$ (1,758,535)</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Hourly Pension Plan</u>			
Balance at December 31, 2019	\$ 7,418,685	\$ 6,396,277	\$ 1,022,408
Changes for the year:			
Service cost	141,683	-	141,683
Interest	505,660	-	505,660
Change of benefit terms	-	-	-
Differences between expected and actual experience	(36,883)	-	(36,883)
Change of assumptions	-	-	-
Contributions - employer	-	301,836	(301,836)
Contributions - employee	-	50,993	(50,993)
Net investment income	-	1,000,170	(1,000,170)
Benefit payments, including refunds of employee contributions	(138,211)	(138,211)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>472,249</u>	<u>1,214,788</u>	<u>(742,539)</u>
Balance at December 31, 2020	<u>\$ 7,890,934</u>	<u>\$ 7,611,065</u>	<u>\$ 279,869</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 6.75%, 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>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Net pension liability			
Police	\$ (501,632)	\$ (3,028,334)	\$ (5,118,339)
Salaried	(662,605)	(1,758,535)	(2,836,748)
Hourly	1,463,180	279,869	(762,792)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2020, the Township recognized pension expense of (\$372,271) for the Police Pension Plan, (\$216,812) for the Salaried Employees Pension Plan, and \$17,599 for the Hourly Employees Pension Plan. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 234,404	\$ 80,911
Changes in assumptions	150,030	-
Net difference between projected and actual earnings on pension plan investments	-	2,200,492
Total	<u>\$ 384,434</u>	<u>\$ 2,281,403</u>
 <u>Salaried Employees Pension</u>		
Differences between expected and actual experience	\$ 120,849	\$ 39,556
Changes in assumptions	29,630	-
Net difference between projected and actual earnings on pension plan investments	-	1,137,761
Total	<u>\$ 150,479</u>	<u>\$ 1,177,317</u>
 <u>Hourly Employees Pension</u>		
Differences between expected and actual experience	\$ 149,805	\$ 156,155
Changes in assumptions	301,189	-
Net difference between projected and actual earnings on pension plan investments	-	685,316
Total	<u>\$ 450,994</u>	<u>\$ 841,471</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 <u>December 31:</u>	<u>Police</u>	<u>Salaried Employees</u>	<u>Hourly Employees</u>
2021	\$ (448,153)	\$ (259,929)	\$ (131,153)
2022	(285,112)	(140,469)	(46,715)
2023	(824,509)	(446,427)	(191,819)
2024	(347,000)	(180,013)	(45,255)
2025	7,805	-	11,619
Thereafter	-	-	12,846
Total	<u>\$ (1,896,969)</u>	<u>\$ (1,026,838)</u>	<u>\$ (390,477)</u>

Payable to the Pension Plan: For the year ended December 31, 2020, there was \$21,639 payable for contributions to the pension plan.

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, 2020, the DROP account balances of \$23,366 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, 2020, there was six active participant 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 and employee contributions to the plan for 2020 totaled \$22,622 and \$15,687, respectively. 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, 2020

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, 2019.

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

Membership of the Plan consisted of the following at December 31, 2020 (the date of the latest actuarial valuation):

Inactive employees (or their beneficiaries)	
currently receiving benefits	6
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>71</u>
	<u>77</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>
Inflation	2.80%
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%.

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, 2020

IV. Other information (Continued)

E. Post-retirement benefits (continued)

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2017 to December 31, 2018.

The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. Significant events or changes in assumptions occurred between the valuation date and the fiscal year end: The inflation rate decreased from 4.11% to 3.26% in 2019 and from 3.26% to 2.12% in 2020.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.12 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

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>OPEB Plan</u>			
Balance at December 31, 2019	\$ 2,872,452	\$ -	\$ 2,872,452
Changes for the year:			
Service cost	202,963	-	202,963
Interest	97,619	-	97,619
Change of benefit terms	-	-	-
Differences between expected and actual experience	(539,590)	-	(539,590)
Change of assumptions	374,396	-	374,396
Contributions - employer	-	163,268	(163,268)
Benefit payments, including refunds of employee contributions	(163,268)	(163,268)	-
Net Changes	(27,880)	-	(27,880)
Balance at December 31, 2020	<u>\$ 2,844,572</u>	<u>\$ -</u>	<u>\$ 2,844,572</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 of 2.12 percent, 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% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
Net OPEB liability	\$ 3,050,872	\$ 2,844,572	\$ 2,647,444

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ 2,521,856	\$ 2,844,572	\$ 3,229,348

OPEB Expense, and Deferred Outflows and Inflows of Resources

For December 31, 2020, the Township reported the following deferred outflows and inflows of resources related to OPEB. The actuarial determined expense for the OPEB Plan was \$211,950.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ -	\$ 815,738
Changes in assumptions	458,877	202,491
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 458,877</u>	<u>\$ 1,018,229</u>

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

	Governmental- Activities <u>OPEB</u>
<u>Year Ended December 31:</u>	
2021	\$ (88,632)
2022	(88,632)
2023	(88,632)
2024	(88,632)
2025	(88,632)
Thereafter	<u>(116,192)</u>
Total	<u>\$ (559,352)</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, the Recycling Fund balance held by Springfield Township for capital repairs at the recycling center was \$228,259. Springfield Township's share of the funds amounted to \$136,238.

G. Country Club lease agreement

The Township entered into a lease agreement on May 1, 2006, with an independent management company, TJKFCC, LLC, to operate the property known as the Flourtown Country Club through December 31, 2020. 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 \$115,000. 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.

H. Upcoming Accounting Pronouncements

GASB Codification Section L20, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right-of-use ("ROU") model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for fiscal year ending December 15, 2022.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<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	\$ 319,677	\$ 336,071	\$ 286,145	\$ 287,397	\$ 219,979	\$ 259,046	\$ 234,282
Interest	1,346,909	1,301,025	1,263,604	1,244,277	1,200,004	1,213,646	1,155,286
Differences between expected and actual experience	(74,550)	230,125	353,442	(132,799)	(29,196)	(1,421,484)	-
Changes of assumptions	-	-	522,003	-	-	546,819	-
Benefit payments, including refunds of employee contributions	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Net change in total pension liability	257,566	859,575	928,509	652,523	485,670	(4,536)	830,872
Total pension liability - beginning	<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>\$ 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	\$ 286,645	\$ 719,513	\$ 701,914	\$ 653,820	\$ 738,866	\$ 727,203	\$ 709,336
Contributions - employee	152,165	137,413	129,715	122,217	118,597	188,402	126,901
Net investment income	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	(1,334,470)	(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	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>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>\$ 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>\$ (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	114.7%	105.2%	91.6%	105.8%	94.1%	90.1%	89.9%
Covered payroll	\$ 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	-97.6%	-39.6%	63.7%	-43.2%	45.4%	72.4%	73.5%
Annual money-weighted return, net of investment expenses	14.93%	21.23%	-6.45%	16.59%	8.23%	-0.92%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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>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	\$ 187,661	\$ 192,310	\$ 184,050	\$ 168,549	\$ 173,897	\$ 172,010	\$ 184,773
Interest	714,666	689,169	686,774	659,335	648,414	613,125	584,474
Differences between expected and actual experience	168,153	53,663	(343,837)	(117,237)	(321,007)	(49,848)	-
Changes of assumptions	-	-	257,561	-	-	116,527	-
Benefit payments, including refunds of employee contributions	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Net change in total pension liability	421,567	478,532	453,234	373,645	158,414	495,570	431,123
Total pension liability - beginning	<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>	<u>8,333,918</u>
Total pension liability - ending (a)	<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	\$ 346,054	\$ 532,387	\$ 533,554	\$ 517,252	\$ 508,747	\$ 497,069	\$ 498,189
Contributions - employee	32,996	38,913	44,774	40,713	43,946	42,869	45,548
Net investment income	1,667,668	1,971,802	(645,583)	1,359,830	634,922	(63,604)	365,774
Benefit payments, including refunds of employee contributions	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Other	-	-	(333)	-	-	135	-
Net change in plan fiduciary net position	1,397,805	2,086,492	(398,902)	1,580,793	844,725	120,225	571,387
Plan fiduciary net position - beginning	<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>\$ 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>\$ (1,758,535)</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	115.8%	107.3%	91.9%	100.3%	87.5%	79.8%	83.0%
Covered-employee payroll	\$ 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	-192.9%	-68.7%	58.0%	-1.8%	85.5%	134.8%	112.0%
Annual money-weighted return, net of investment expenses	14.64%	21.23%	-6.56%	16.57%	8.39%	-0.89%	5.01%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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>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	\$ 141,683	\$ 143,894	\$ 136,368	\$ 128,788	\$ 119,986	\$ 118,408	\$ 91,739
Interest	505,660	471,029	444,757	415,031	397,620	327,018	304,326
Differences between expected and actual experience	(36,883)	27,308	(77,819)	1,155	(156,242)	321,132	-
Changes of assumptions	-	-	237,791	-	-	358,526	-
Benefit payments, including refunds of employee contributions	(138,211)	(115,706)	(132,480)	(123,320)	(119,546)	(116,590)	(80,529)
Net change in total pension liability	472,249	526,525	608,617	421,654	241,818	1,008,494	315,536
Total pension liability - beginning	<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>\$ 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	\$ 301,836	\$ 242,450	\$ 239,010	\$ 197,015	\$ 132,802	\$ 123,667	\$ 119,609
Contributions - employee	50,993	52,000	50,913	47,923	44,794	47,218	48,899
Net investment income	1,000,170	1,089,106	(347,705)	738,545	329,993	(39,995)	92,076
Benefit payments, including refunds of employee contributions	(138,211)	(115,706)	(132,480)	(123,320)	(119,546)	(116,590)	(80,529)
Other	-	-	-	-	-	79	-
Net change in plan fiduciary net position	1,214,788	1,267,850	(190,262)	860,163	388,043	14,379	180,055
Plan fiduciary net position - beginning	<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>\$ 7,611,065</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>\$ 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	96.5%	86.2%	74.4%	84.6%	76.1%	72.4%	88.0%
Covered payroll	\$ 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	15.1%	57.8%	104.9%	60.5%	91.5%	102.4%	36.4%
Annual money-weighted return, net of investment expenses	15.35%	21.34%	-6.48%	16.52%	8.06%	-1.00%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2011	\$ 615,993	\$ 615,993	\$ -	\$ 2,347,505	(1) 26.24%
2012	520,269	520,269	-	2,347,505	(1) 22.16%
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%

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	1/1/2019
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	6.75%, net of pension plan investment expense, including inflation
Retirement age	Age 53 and 25 years of service
Mortality	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2011	\$ 327,595	\$ 327,595	\$ -	\$ 1,440,757	(1) 22.74%
2012	344,599	344,599	-	1,440,757	(1) 23.92%
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%

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	1/1/2019
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	6.75%, 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	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

(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>
2011	\$ 98,770	\$ 98,770	\$ -	\$ 1,331,222	(1) 7.42%
2012	95,501	95,501	-	1,331,222	(1) 7.17%
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%

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	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	12 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	6.75%, net of pension plan investment expense, including inflation
Retirement age	67% at age 62, 10% at ages 63-64, 100% at age 65
Mortality	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for OPEB Plan

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 202,963	\$ 172,902	\$ 200,160
Interest	97,619	112,893	114,619
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(539,590)	162,105	(411,212)
Changes of assumptions	374,396	(79,662)	(303,738)
Benefit payments (including premium subsidies)	<u>(163,268)</u>	<u>(137,934)</u>	<u>(177,459)</u>
Net change in total OPEB liability	(27,880)	230,304	(577,630)
Total OPEB liability - beginning	<u>2,872,452</u>	<u>2,642,148</u>	<u>3,219,778</u>
Total OPEB liability - ending (a)	<u>\$ 2,844,572</u>	<u>\$ 2,872,452</u>	<u>\$ 2,642,148</u>
 Plan fiduciary net position			
Contributions - employer (including premium subsidies)	\$ 163,268	\$ 137,934	\$ 177,459
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments (including premium subsidies)	(163,268)	(137,934)	(177,459)
Administrative expense	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
 Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Township's net OPEB liability - ending (a)-(b)	<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%
 Covered payroll	\$ 5,719,468	\$ 5,675,244	\$ 5,681,441
 Net OPEB liability as a percentage of covered payroll	49.7%	50.6%	46.5%
 Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable	Not Applicable

Notes to Schedule:

Change in assumptions: Discount decreased from 4.11% to 3.26% in 2019, and from 3.26% to 2.12% in 2020

Change in benefit terms: None since 1/1/2019

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, 2020

	Police Pension	Salaried Pension		
		Defined Benefit	Defined Contribution	Total
<u>ASSETS</u>				
Cash	\$ 635,460	\$ 332,773	\$ 2,807	\$ 335,580
Contributions receivable	11,245	2,562	3,131	5,693
Due from other pension	7,394	3,100	-	3,100
Investments				
Exchange traded funds and mutual funds	<u>22,933,571</u>	<u>12,573,496</u>	<u>60,736</u>	<u>12,634,232</u>
Total Assets	<u>\$ 23,587,670</u>	<u>\$ 12,911,931</u>	<u>\$ 66,674</u>	<u>\$ 12,978,605</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other pension	<u>-</u>	<u>7,394</u>	<u>3,100</u>	<u>10,494</u>
Total Liabilities	<u>-</u>	<u>7,394</u>	<u>3,100</u>	<u>10,494</u>
<u>NET POSITION</u>				
Net Position - Restricted for Pension Benefits	\$ 23,587,670	\$ 12,904,537	\$ 63,574	\$ 12,968,111
Net Position - Restricted for Municipalities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 23,587,670</u>	<u>\$ 12,904,537</u>	<u>\$ 63,574</u>	<u>\$ 12,968,111</u>

<u>Hourly Pension</u>	<u>Total Pension Trust Funds</u>	<u>Custodial Fund Recycling</u>
\$ 239,432	\$ 1,210,472	\$ 228,259
4,355	21,293	-
-	10,494	-
<u>7,396,346</u>	<u>42,964,149</u>	<u>-</u>
<u>\$ 7,640,133</u>	<u>\$ 44,206,408</u>	<u>\$ 228,259</u>
\$ 29,067	\$ 29,067	\$ -
-	10,494	-
<u>29,067</u>	<u>39,561</u>	<u>-</u>
\$ 7,611,066	\$ 44,166,847	\$ -
-	-	228,259
<u>\$ 7,611,066</u>	<u>\$ 44,166,847</u>	<u>\$ 228,259</u>

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended December 31, 2020

	<u>Police Pension</u>	<u>Salaried Pension</u>		<u>Total</u>
		<u>Defined Benefit</u>	<u>Defined Contribution</u>	
Additions				
Contributions				
Member contributions	\$ 152,165	\$ 32,996	\$ 15,687	\$ 48,683
Employer contributions	30,606	262,349	22,622	284,971
State aid	256,039	83,705	-	83,705
Total Contributions	<u>438,810</u>	<u>379,050</u>	<u>38,309</u>	<u>417,359</u>
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	2,741,470	1,468,817	7,668	1,476,485
Dividends & Interest	438,803	236,716	796	237,512
Total Investment Earnings	3,180,273	1,705,533	8,464	1,713,997
Less: investment expense	(63,265)	(37,867)	(111)	(37,978)
Net Investment Earnings	<u>3,117,008</u>	<u>1,667,666</u>	<u>8,353</u>	<u>1,676,019</u>
Total Additions	<u>3,555,818</u>	<u>2,046,716</u>	<u>46,662</u>	<u>2,093,378</u>
Deductions				
Benefits	1,334,470	648,913	-	648,913
Total Deductions	<u>1,334,470</u>	<u>648,913</u>	<u>-</u>	<u>648,913</u>
Change in Net Position	2,221,348	1,397,803	46,662	1,444,465
Net Position - Beginning of Year (Restated)	<u>21,366,322</u>	<u>11,506,734</u>	<u>16,912</u>	<u>11,523,646</u>
Net Position - End of Year	<u>\$ 23,587,670</u>	<u>\$ 12,904,537</u>	<u>\$ 63,574</u>	<u>\$ 12,968,111</u>

<u>Hourly Pension</u>	<u>Total Pension Trust Funds</u>	<u>Custodial Fund Recycling</u>
\$ 50,993	\$ 251,841	\$ -
183,664	499,241	-
118,172	457,916	-
<u>352,829</u>	<u>1,208,998</u>	<u>-</u>
885,291	5,103,246	-
<u>136,441</u>	<u>812,756</u>	<u>5,177</u>
1,021,732	5,916,002	5,177
(21,562)	(122,805)	-
<u>1,000,170</u>	<u>5,793,197</u>	<u>5,177</u>
<u>1,352,999</u>	<u>7,002,195</u>	<u>5,177</u>
138,211	2,121,594	-
<u>138,211</u>	<u>2,121,594</u>	<u>-</u>
1,214,788	4,880,601	5,177
<u>6,396,278</u>	<u>39,286,246</u>	<u>223,082</u>
<u>\$ 7,611,066</u>	<u>\$ 44,166,847</u>	<u>\$ 228,259</u>