SPRINGFIELD TOWNSHIP MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2023

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners Springfield Township Montgomery County, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Township (Township), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

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

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

Supplementary Information

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

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

Bee Bergual & Co.

Warrington, PA October 21, 2024

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, 2023. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

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 2023 by \$51.9 million (total net position). Of this amount, \$11.9 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 \$16.0 million.

The Township's General Fund had total revenues of \$19,832,686 generated in tax and other revenues compared with total expenditures of \$15,081,881, providing an excess of revenues over expenditures of \$4,750,805 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net increase in fund balance of \$3,127,886 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 \$455,645 or 3.1% more than the adopted budget, while revenues exceeded budget expectations by \$1,861,256 or 10.4%. Revenue categories that surpassed expectations include real estate transfer taxes, business and mercantile taxes, earned income taxes, local services tax, licenses and permits, fines and forfeitures, interest and rents, intergovernmental revenues, charges for services and miscellaneous revenues. Real Estate Taxes, which are the single largest source of revenue, were just above budget projections by \$67,704 or 1.1%.

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.

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.

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	Governmental Activities							
	<u>2023</u>	<u>2022</u>						
Current and other assets	\$ 18,811,700	\$ 18,960,351						
Capital assets	46,180,955	43,828,032						
Total Assets	64,992,655	62,788,383						
Deferred Outflows of Resources	5,004,836	7,343,185						
Long-term liabilities	13,493,164	16,062,607						
Other liabilities	2,002,215	3,532,768						
Total Liabilities	15,495,379	19,595,375						
Deferred Inflows of Resources	2,553,251	1,860,560						
Net Position:								
Invested in capital assets, net of debt	39,072,955	36,228,032						
Restricted	1,002,563	945,996						
Unrestricted	11,873,343	11,501,605						
Total Net Position	\$ 51,948,861	\$ 48,675,633						

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 2023, Springfield Township's assets exceeded liabilities by \$51.9 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 2023 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately \$3.27 million. Current and other assets decreased by \$148,651; invested in capital assets, net of debt increased by \$2,844,923; and restricted net position increased by \$56,567.

Due to fluctuations in the actuarial determined pension and other post-employment benefits liabilities, deferred outflows of resources decreased by \$2.34 million; long-term liabilities decreased by \$2.57 million; and deferred inflows increased by \$692,691.

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 2023 the Township experienced an increase in net position of \$3.27 million. The following chart shows the revenues and expenses of the governmental activities:

	Governmental Activities						
		<u>2023</u>		2022			
REVENUES							
Program revenues:							
Charges for services	\$	2,791,660	\$	2,857,815			
Operating grants and contributions		1,572,164		1,423,773			
Capital grants and contributions		2,465,946		475,573			
General revenues:							
Property taxes		6,012,178		6,016,496			
Other taxes		7,150,073		7,581,795			
Grants and contributions not							
restricted to specific programs		10,933		12,160			
Investment income		581,319		(270,635)			
Gain (loss) on sale/retirement of assets		12,717		(9,834)			
Miscellaneous	_	1,287,140		1,441,210			
Total Revenues	\$	21,884,130	\$	19,528,353			

	Governmental Activities				
	<u>2023</u>	<u>2022</u>			
EXPENSES					
Administration	\$ 6,129,631	\$	5,422,420		
Licenses and permits	437,683		482,170		
Police and emergency service	6,315,409		5,976,832		
Public works	2,381,391		2,852,481		
Sanitation and recycling	1,743,948		1,571,538		
Library	1,054,799		944,278		
Parks and recreation	 548,041		1,239,205		
Total Expenses	 18,610,902	_	18,488,924		
Change in Net Position	3,273,228		1,039,429		
Net Position - Beginning	 48,675,633		47,636,204		
Net Position - Ending	\$ 51,948,861	\$	48,675,633		

In 2023, the revenue category capital grants and contributions increased by \$1,990,373 (418%).

The revenue category investment income increased by \$851,954 to a net positive result of \$581,319 due to an increase in interest rates and a market rebound.

Expenses related to administration increased by \$707,211 (13%), while parks and recreation saw a decrease of \$691,164 (55.8%) in 2023. Other significant fluctuations include a decrease in public works expenses of \$471,090 (16.5%) due to purchasing less replacement equipment and decreased costs for fuel and contracted services. There was also an increase in police and emergency services of \$338,577 (5.7%), relating to capital equipment for the police department. Also included is the employment cost for 2 officers hired to replace 2 upcoming retirees.

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.

Current Year Impacts – Revenues and Expenses

Governmental Activities

For the fiscal year ended December 31, 2023, revenues for governmental activities totaled \$21.9 million. The township's largest revenue source was the category of other taxes, of which \$7.2 million (32.7%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The second largest revenue category was property taxes, which included \$6.0 million (27.5%) in receipts. The third largest revenue source was the category charges for services. The Township collected \$2.8 million (12.8%) in refuse service fees, building permits, and activity fees for parks and recreation programs. The fourth largest revenue source, capital grants & contributions \$2.5 million (11.3%) The fifth ranked revenue source was the operating grants and contributions category was for \$1.6 million (7.2%).

For the 2023 fiscal year, expenses for government activities totaled \$18.6 million, representing an increase of \$121,987 from the prior year. As the table on page 10 indicates, activities funded for the police and emergency services constitute the single largest program expense at \$6.3 million (33.9%). The second largest program expense is Administration at \$6.1 million (32.9% of total expenses). Public works expenses are the third largest expense category at \$2.4 million (12.8%). Sanitation and recycling expenses are the next largest program expense at \$1.7 million (9.4%). Library expenditures were \$1.1 million (5.7%), Parks and recreation expenses were \$548,041 (2.9%) and licenses and permits were \$437,683 (2.4%).

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

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2023, 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 \$51.9 million.

General Fund Budgetary Highlights

The Government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed General Fund expenses to come in slightly over budget, with total expenditures \$455,645 (3.1%) more than budget. Total revenues exceeded budget estimates by \$1,861,256 (10.4%), resulting in an excess of revenues over expenses of \$1,405,611 before other financing sources and uses. The additional revenues can be attributed to better than expected receipts for earned income tax, interest & rents, charges for services, business privilege and mercantile tax collections, local services receipts, real estate tax, real estate transfer, intergovernmental services. miscellaneous revenues, and licenses and permits. 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 2023, the Township had \$46.2 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 2023 is presented in detail on pages 39 and 40 of the Notes section.

		Beginnin	g Ba	alance	(Deletions)			ns)	Ending Balance			
		1/1/23		1/1/22		2023		2022		12/31/23		12/31/22
Non-Depreciable Assets												
Land and easements	\$	4,446,627	\$	4,446,627	\$	1,407,636	\$	-	\$	5,854,263	\$	4,446,627
Construction in progress		916,616		849,130		50,490		67,486		967,106		916,616
Other Capital Assets												
Land improvements		5,261,360		5,021,916		692,260		239,444		5,953,620		5,261,360
Buildings and improvements		30,942,617		30,904,353		43,115		38,264		30,985,732		30,942,617
Machinery and equipment		1,595,087		1,679,772		(26,651)		(84,685)		1,568,436		1,595,087
Vehicles		4,014,509		3,697,888		370,281		316,621		4,384,790		4,014,509
Library collection		3,110,471		3,031,290		78,024		79,181		3,188,495		3,110,471
Infrastructure		15,053,006		14,740,609		1,065,599		312,397		16,118,605		15,053,006
Less: accumulated depreciation												
on capital assets	_	(21,512,261)		(20,239,209)		(1,327,831)		(1,273,052)		(22,840,092)		(21,512,261)
Totals	\$	43,828,032	\$	44,132,376	\$	2,352,923	\$	(304,344)	\$	46,180,955	\$	43,828,032

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2023, the Township closed out several projects including the acquisition of 2.7598 acres on Haws Lane to be used as a passive park with a walking trail, acquisition of 1502 Paper Mill Road for any future municipal campus expansion plans, Carlisle Creek stream bank stabilization project, Sandy Run Stormwater Basin Project, purchase of a replacement street sweeper, and the continued monitoring of environmental concerns at the former Tank Car Corporation of America property on Walnut Avenue. The Township also continued its annual street resurfacing program and performed traffic signal upgrades, bridge repairs, storm sewer improvements and routine vehicle and equipment replacement.

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 2023, the Township's level of outstanding debt was \$7,108,000, 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.

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 2023 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.

	Beginning				Ending	Due within
Governmental activities	Balance	Additions	R	<u>eductions</u>	Balance	one year
GO Note 2020	\$ 7,600,000	\$ -	\$	(492,000) \$	7,108,000	\$ 499,000

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 2023 budget was prepared with the concept of maintaining the same general level of service as in previous years, with minor variations as discussed by the Board of Commissioners throughout the prior year. Examples of such variations include the monitoring of environmental concerns at the former Tank Car property on Walnut Avenue (which is to be redeveloped for recreation purposes), and sidewalk improvements. Public safety improvements included minor upgrades to the township's traffic signal system, installation of a perimeter fence around the police parking lot, communications and other police equipment including body armor, Taisr's and the replacement of two police vehicles. A new parks and recreation pickup truck, a new street sweeper and new refuse truck were also purchased to replace equipment that had exceeded its useful life. These projects were funded utilizing a combination of ARPA funds and in the case of the refuse truck, government grants.

The 2023 Real Estate Tax rates remained at 4.516 mills unchanged from 2021.

The refuse service fee, which was increased by \$3.19 in 2018 and \$8.58 in 2019 due to increases in employee wages and waste disposal fees, increased again in 2021. The 2021 refuse fee increased by \$8.62 per household due to the continued increase of waste and recycling disposal fees as well as a decrease in the resale value of certain processed recyclables collected in the Township. The 2022 rate decreased by \$6.32 due to a reduction of cost to process and market recyclables. The 2023 rate increased by \$12.56 due to the increased costs in handling recyclables. The sale of the Township's sanitary sewer system in 2015 to the Bucks County Water & Sewer Authority (BCWSA) eliminated the receipts and expenses associated with the operation of the sewer system from the township's annual operating budget. Accordingly, the financial statements no longer reflects sewer rental income or expense.

When the 2023 real estate tax and refuse service fee is combined, the typical household realized an increase of \$18.29, or 1.7% over the combined 2022 real estate tax and refuse fee. The 2023 year-end financials saw general fund revenues exceed budget estimates by \$1,861,256 or 10.4%. Individual revenue categories that surpassed expectations included real estate transfer, business privilege, mercantile, and earned income taxes. When combined under the category "other taxes", these taxes represented the single largest revenue source. Real estate taxes constituted the township's second largest revenue category, accounting for \$6.1 million in receipts.

Interest and rent were greater than expected by \$190,827 in 2023, due to higher interest rates on investment income. All revenue sources exceeded projections.

General Fund expenses in 2023 were slightly more than projected, coming in at just \$455,645 or 3.1% over budget. Operating expenditures related to highway, sanitation, parks & recreation, general government, library, public safety, and miscellaneous expenses were 8.2%, 5.2%, 4.8%, 4.1%, 2.8%, 2.2%, and 0.6% more than expected, respectively.

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

The 2023 real estate tax rate remained flat from 2021 at the millage rate of 4.516 mills. In 2024 the real estate tax rate will remain unchanged. Receipts from the real estate transfer and business privilege taxes are expected to remain the same, while receipts for the earned income tax, local services tax and mercantile tax are projected to increase modestly. These projections are based upon the township's most recent collection history, together with estimates provided by the parties responsible for collecting the taxes.

The 2024 general operating budget will be \$383,946 or 5.1% more than the 2023 adopted budget. The increase can be attributed to an increase in property insurance premiums (69.4% increase) capital project expenditures, including debt service payments, vehicle and equipment replacements, and improvements to parks and recreation facilities. Additional increases will be associated with employee wages, medical benefits and contributions to the volunteer fire companies. These increases are offset to some extent by reductions to pension expenses, recycling disposal fees, street lighting, and engineering expenses.

The refuse service fee, which increased by \$12.56 per household in 2023, will increase by \$13.98 per household in 2024 due to an increase in the costs to process and market recyclables. In 2022 the Montgomery County Recycling Consortium awarded a new contract for the processing of recyclables that will yield a savings of \$35 per ton in 2023, but commodity prices remain unstable. In addition, the 2024 waste disposal fee will increase from \$74.25 to \$79.00 per ton.

The combined 2024 real estate tax and refuse service fee paid by the typical household will increase by \$13.98 or 1.4% over those paid in 2023.

Debt service payments in 2020 were reduced via the refinancing of a 2016 General Obligation Note. The new Note bears interest at a fixed rate of 1.55% versus 2.26% and will result in \$663,969 in interest payment savings over the life of the loan. The 2024 debt service payments will be approximately \$626.00 less than in 2023. The 2020 General Obligation Note will be satisfied in full in October 2036. Additional capital expenses include funding for erecting additional fencing around the perimeter of the police parking lot and purchasing a new street sweeper and refuse tuck. The Township will also appropriate \$325,000 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 2024. The police labor agreement expired at the end of 2022. At the end of 2022 a new agreement was signed for the years 2023, 2024, 2025 & 2026. The base salary increases will be 4.0% annually for the years 2023 & 2024, and 3.5% annually in 2025 & 2026. The labor agreement with the public works employees was renegotiated in 2019 and resulted in wage increases of 3.0% in 2020 and 2021, and 2.75% in 2022 and 2023. Public Works wages are budgeted to increase by 3.25% in 2024. Salaried employees are not represented by a bargaining unit but typically receive a combination of wages and benefits comparable to the police and public works employees. Accordingly, wages for salaried employees will increase by 3.25% in 2024.

Healthcare premiums for all township employees decreased in 2016 due to the implementation of a new medical and prescription plan with increased copays for all employees. All employees contribute 1% of their wages towards the cost of their medical benefits. The premiums increased by 4.0% in 2018, 4.75% in 2019, 4.7% in 2020, and 3.1% in 2021. However, the Township accepted an offer by its healthcare provider to enroll in a two-year plan that eliminated the anticipated increases in 2022 and 2023, with the exception of a 5.1% increase to prescription plan portion. For 2024, medical insurance coverage provided by Delaware Valley Health Trust is projected to increase by \$12,353 or 0.6% influenced mostly by enrollment changes.

Municipal pension fund obligations, after decreasing by \$382,770 or 38.8% in 2022, will increase by \$2,955 or 0.5% in 2023 based upon the latest actuarial projections. The 2024 Minimum Municipal Obligation will increase by \$260,140 or 43% due, in large to the investment losses in 2022. In September 2021 the Board of Commissioners reduced the assumed rate of return on pension investments from 6.75% to 6.25%, which will help ensure the proper level of funding is provided for all plans. All employees will continue to contribute between 3% and 5% of their wages toward future pension benefits. In order to gain additional cost certainty for future retirement benefits, a new defined contribution retirement plan was created for all salaried employees that were hired after January 1, 2016. As legacy employees retire and new employees are enrolled in the new defined contribution plan, the Township's post-retirement obligations will ease.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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

STATEMENT OF NET POSITION

December 31, 2023

	Prima	ary Government
		overnmental
Assets		Activities
Cash and cash equivalents	\$	9,256,490
Investments		6,680,216
Receivables		2,871,499
Prepaid expenses		3,495
Land		5,854,263
Construction in progress		967,106
Other capital assets (net of accumulated depreciation)		39,359,586
Total Assets		64,992,655
Deferred Outflows of Resources		
Deferred outflows for pensions		4,494,783
Deferred outflows for OPEB plan		510,053
Total Deferred Outflows of Resources		5,004,836
Total Deterred Outflows of Resources		3,004,630
Total Assets and Deferred Outflows of Resources	\$	69,997,491
Liabilities		
Accounts payable and other current liabilities	\$	361,433
Unearned revenue		1,141,782
Non-current liabilities:		
Due within one year		499,000
Due after one year		13,493,164
Total Liabilities		15,495,379
Deferred Inflows of Resources		
Deferred inflows for pensions		983,246
Deferred inflows for OPEB plan		1,159,427
Deferred leases		410,578
Total Deferred Inflows of Resources	-	2,553,251
Total Deterred lilliows of Resources		2,333,231
Net Position		
Net investment in capital assets		39,072,955
Restricted for:		
Library		116,796
Highways and streets		885,767
Unrestricted		11,873,343
Total Net Position		51,948,861
Total Liabilities, Deferred Inflows of		
Resources and Net Position	\$	69,997,491

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

						Go	vernmental Ac	tiviti	ies
		Total Primary Government		Admini- strative	Licenses d Permits		Police and Emergency Services		Public Works
Expenses									
Program expenses	\$	16,741,882	\$	5,771,427	\$ 437,683	\$	6,190,428	\$	1,465,313
Depreciation		1,751,220		240,404	-		124,981		916,078
Interest on debt		117,800		117,800	 		_		
Total Expenses		18,610,902		6,129,631	 437,683		6,315,409		2,381,391
Program Revenues									
Charges for services		2,791,660		23,780	637,733		63,058		73,309
Operating grants and contributions		1,572,164		568,655	-		171,472		584,302
Capital grants and contributions		2,465,946		2,786	 				1,866,384
Total Program Revenues	_	6,829,770	_	595,221	 637,733	_	234,530		2,523,995
Net (Expense) Revenue		(11,781,132)		(5,534,410)	200,050		(6,080,879)		142,604
General Revenues									
Taxes:									
Real estate		6,012,178							
Transfer taxes		693,934							
Business and mercantile taxes		1,327,747							
Earned income taxes		4,720,306							
Local services tax		408,086							
Grants and contributions not									
restricted to specific programs		10,933							
Investment earnings (loss)		581,319							
Gain (loss) on sale/retirement of assets		12,717							
Miscellaneous		1,287,140							
Total General Revenues	_	15,054,360							
Change in Net Position		3,273,228							
Net Position - Beginning (Restated)		48,675,633							
Net Position - Ending	\$	51,948,861							

	Sanitation			Co	ommunity	I	Park and
an	d Recycling		Library	De	velopment	R	ecreation
\$	1,693,578	\$	812,234	\$	-	\$	371,219
	50,370		242,565		-		176,822
	-				-		-
	1,743,948		1,054,799		_		548,041
	1,653,131		-		-		340,649
	41,316		204,919		-		1,500
					596,776		
	1,694,447		204,919		596,776		342,149
	(49,501)		(849,880)		596,776		(205,892)

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2023

		General		Capital Reserve		Nonmajor Fund Highway Aid		Total overnmental Funds
Assets	_	General	_	Reserve	1112	giiway Aid	_	Tunus
Cash and cash equivalents	\$	4,764,884	\$	4,014,023	\$	477,583	\$	9,256,490
Investments	Ψ	4,002,352	Ψ	2,269,081	Ψ	408,783	Ψ	6,680,216
Receivables		, ,		, ,		,		, ,
Taxes		879,208		-		-		879,208
Accounts		895,490		57,559		-		953,049
Interest		51,387		-		-		51,387
Leases		436,855		-		-		436,855
Prepaid expenses		-		3,495		-		3,495
Due from other funds				115,983				115,983
Total Assets	<u>\$</u>	11,030,176	\$	6,460,141	\$	886,366	\$	18,376,683
Liabilities								
Accounts payable and accrued wages	\$	340,200	\$	20,634	\$	599	\$	361,433
Unearned revenue		-	·	1,141,782	·	-		1,141,782
Due to other funds		115,983		-		-		115,983
Total Liabilities	_	456,183	_	1,162,416		599	_	1,619,198
Deferred Inflows of Resources								
Unavailable revenue- property taxes		85,799		_		_		85,799
Unavailable revenue- sewer fees		93,445		_		_		93,445
Unavailable revenue - refuse fees		146,932		_		_		146,932
Deferred leases		410,578		-		-		410,578
Total Deferred Inflows of Resources	_	736,754	_			-		736,754
Fund Balances								
Nonspendable: Leases		26,277		_		_		26,277
Nonspendable: Prepaid Expenses				3,495		_		3,495
Restricted:				5,.50				5,.70
Library		-		116,796		-		116,796
Highway		-		_		885,767		885,767
Assigned:								
Library capital outlay		-		247,217		-		247,217
Capital outlay		-		4,930,217		-		4,930,217
Unassigned	_	9,810,962						9,810,962
Total Fund Balances	_	9,837,239	_	5,297,725		885,767	_	16,020,731
Total Liabilities, Deferred Inflows of								
Resources and Fund Balances	<u>\$</u>	11,030,176	\$	6,460,141	\$	886,366	\$	18,376,683

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

December 31, 2023

Amounts reported for governmental activities in the statement of net position (page 18) are different because: Total fund balances-total governmental funds (page 21)		\$ 16,020,731
Capital assets used in governmental activities are not financial resources		
and, therefore, are reported in the funds.		
Cost of capital assets	69,021,047	
Accumulated depreciation	(22,840,092)	46,180,955
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	551,000	
Deferred inflows for taxes and revenues	326,176	877,176
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	4,494,783	
Deferred outflows for OPEB plan	510,053	
Deferred inflows for pensions	(983,246)	
Deferred inflows for OPEB plan	(1,159,427)	2,862,163
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(7,108,000)	
Net pension liability	(4,084,084)	
Net post-retirement benefits obligation	(2,800,080)	(13,992,164)
Net position of governmental activities (page 18)		\$ 51,948,861

$\frac{\text{STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES}}{\text{GOVERNMENTAL FUNDS}}$

For the year ended December 31, 2023

	_	General		Capital Nonmajor Fund Reserve Highway Aid		Total Governmental Funds		
Revenues								
Taxes								
Real estate	\$	6,067,995	\$	-	\$	-	\$	6,067,995
Transfer		693,934		-		-		693,934
Business and mercantile		1,327,747		-		-		1,327,747
Earned income		4,795,306		-		-		4,795,306
Local services		408,086		-		-		408,086
Fees, licenses and permits		382,982		-		-		382,982
Fines and forfeitures		53,608		-		-		53,608
Investment income and rent		706,929		155,031		22,878		884,838
Intergovernmental revenues		2,079,146		690,015		584,302		3,353,463
Charges for services		2,701,026		1,760		-		2,702,786
Other	_	615,927		13,859		-		629,786
Total Revenues	_	19,832,686	_	860,665		607,180	_	21,300,531
Expenditures								
Current								
General government		1,615,673		-		-		1,615,673
Public safety		5,440,609		-		-		5,440,609
Sanitation and recycling		1,686,453		-		-		1,686,453
Highways and roads		1,465,003		-		494,359		1,959,362
Culture and recreation		1,482,247		-		-		1,482,247
Miscellaneous		3,391,896		-		-		3,391,896
Debt service								
Principal		-		492,000		-		492,000
Interest		_		117,800		_		117,800
Capital projects		-		3,708,154		-		3,708,154
Total Expenditures		15,081,881	_	4,317,954		494,359		19,894,194
Excess (Deficiency) of Revenues								
Over Expenditures	_	4,750,805		(3,457,289)		112,821		1,406,337
Other Eineneing Sources (Uses)								
Other Financing Sources (Uses) Proceeds from sale of capital assets		02 805						92,895
Transfers in		92,895		1,715,814		-		1,715,814
Transfers out		(1.715.914)		1,/13,614		-		
		(1,715,814)	_					(1,715,814)
Total Other Financing Sources (Uses)	_	(1,622,919)		1,715,814				92,895
Net Change in Fund Balance		3,127,886		(1,741,475)		112,821		1,499,232
Fund Balance - Beginning (Restated)		6,709,353		7,039,200		772,946		14,521,499
Fund Balance - Ending	\$	9,837,239	\$		\$		\$	-
rund Dalance - Ending	Φ	7,031,439	Φ	5,297,725	Ф	885,767	Φ	16,020,731

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, 2023

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)		\$ 1,499,232
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	4,184,321	
Depreciation expense	(1,751,220)	2,433,101
The effect of sales of capital assets is to decrease net assets.		(80,178)
Revenues in the statement of activities that do not provide current		
financial resources are not reported as revenues in the funds.		(123,198)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Repayment of debt		492,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net pension liability and deferred items	(022 702)	
·	(933,793)	(0.45.500)
Net post-retirement benefits and deferred items	(13,936)	 (947,729)
Change in net position of governmental activities (pages 19-20)		\$ 3,273,228

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

For the year ended December 31, 2023

		GENERAL FUND						
	,						Variance with	
	Budgeted		Amounts		Cash Basis		Final Budget -	
		Original		Final		ACTUAL	Ove	er (Under)
Revenues								
Taxes								
Real estate	\$	5,989,913	\$	6,035,346	\$	6,103,050	\$	67,704
Transfer		588,000		646,924		692,672		45,748
Business and mercantile		1,075,000		1,189,231		1,350,266		161,035
Earned income		4,000,000		3,672,405		4,650,652		978,247
Local services		275,000		308,797		418,446		109,649
Amusement		500		-		7,200		7,200
Licenses and permits		447,500		355,533		389,512		33,979
Fines and forfeitures		53,250		49,143		52,968		3,825
Interest and rent		238,703		506,579		697,406		190,827
Intergovernmental revenues		712,512		1,960,883		2,005,706		44,823
Charges for services		2,302,712		2,562,919		2,745,717		182,798
Miscellaneous revenues		607,160		629,346		664,767		35,421
Total Revenues		16,290,250		17,917,106		19,778,362		1,861,256
Expenditures								
Current								
General government		1,522,378		1,528,988		1,591,396		62,408
Public safety		5,367,357		5,381,789		5,502,497		120,708
Sanitation and recycling		1,545,543		1,623,591		1,707,855		84,264
Highways and roads		1,645,130		1,420,117		1,536,432		116,315
Parks and recreation		505,340		635,112		665,481		30,369
Library services		840,929		814,659		837,583		22,924
Miscellaneous		3,680,480		3,372,589		3,391,246		18,657
Total Expenditures		15,107,157		14,776,845	_	15,232,490		455,645
Excess (Deficiency) of Revenues								
Over Expenditures		1,183,093		3,140,261	_	4,545,872		1,405,611
Other Financing Sources (Uses)								
Sale of capital assets		67,000		92,895		92,895		-
Transfers in		1,760,100		-		-		-
Transfers out		(1,829,894)		(1,565,288)		(1,715,814)		(150,526)
Total Other Financing Sources (Uses)		(2,794)		(1,472,393)		(1,622,919)		(150,526)
Net Change in Fund Balance		1,180,299		1,667,868		2,922,953		1,255,085
Fund Balance - Beginning		1,100,277		1,007,000		6,709,353		1,200,000
Fund Balance - Ending					\$	9,632,306		
runu Darance - Enumg					Ф	9,032,300		

$\frac{\text{STATEMENT OF FIDUCIARY NET POSITION}}{\text{FIDUCIARY FUNDS}}$

<u>December 31, 2023</u>

	Pension Trust Funds		Custodial Funds		
Assets					
Cash	\$	1,275,461	\$	418,812	
Contributions receivable		38,499		-	
Due from other pension		3,329		-	
Prepaid benefits		193,577		-	
Investments					
Exchange traded funds and closed end funds		43,801,296			
Total Assets	\$	45,312,162	\$	418,812	
Liabilities					
Accounts payable	\$	53,440	\$	-	
Due to other pension		3,329			
Total Liabilities		56,769			
Net Position - Restricted for:					
Pension Benefits		45,255,393		-	
Municipalities and Others				418,812	
Total Net Position		45,255,393		418,812	
Total Liabilities and Net Position	\$	45,312,162	\$	418,812	

$\frac{\text{STATEMENT OF CHANGES IN FIDUCIARY NET POSITION}}{\text{FIDUCIARY FUNDS}}$

For the year ended December 31, 2023

	Pension Trust Funds		Custodial Funds			
Additions						
Contributions						
Member contributions	\$	302,112	\$	-		
Employer contributions		103,273		-		
State aid		565,305		-		
Other				127,963		
Total Contributions		970,690		127,963		
Investment Earnings						
Net appreciation (depreciation) in						
fair value of investments		5,602,001		-		
Dividends & Interest		1,058,177		4,984		
Total Investment Earnings		6,660,178		4,984		
Less: investment expense		(145,474)				
Net Investment Earnings		6,514,704		4,984		
Total Additions		7,485,394		132,947		
Deductions						
Benefits		2,477,813				
Total Deductions		2,477,813				
Change in Net Position		5,007,581		132,947		
Net Position - Restricted:						
Beginning of Year (Restated)		40,247,812		285,865		
End of Year	\$	45,255,393	\$	418,812		

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. <u>Summary of significant accounting policies</u> (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, and for fire escrows held for others.

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 with the exception of 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. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

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

2. 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, 2023, 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, 2023 are recognized as revenue for the year ending December 31, 2023.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

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

3. 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.

4. Capital assets

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

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

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

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

5. 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

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

6. 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.

7. 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.

8. Fund balance

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

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

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

8. Fund balance (continued)

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

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

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

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

9. 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.

10. Restated Net Assets

Net assets has been restated for the custodial funds and capital projects fund to move the amounts held for escrows to custodial.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. <u>Summary of significant accounting policies</u> (Continued)

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

11. Deferred outflows/inflows of resources

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

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

12. Pending Pronouncements

Pending Accounting Pronouncements - GASB has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

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

13. Subsequent Events

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

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 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 2023. 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:

G	<u>eneral Fund</u>
\$	3,127,886
	2,243,948
	(2,262,940)
	(1,262,895)
	1,076,954
\$	2,922,953
	\$

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

II. Stewardship, compliance, and accountability (Continued)

B. Excess of expenditures over appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in all categories in the total amount of \$455,645. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. Deposits and investments

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis. The investments in money market funds are considered cash equivalents because of their short maturity dates. At year-end, the Township's bank balance was \$9,383,468. Of that balance, \$703,796 was covered by federal depository insurance and \$66,289 was invested in externally pooled investments, which are not subject to credit risk. 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.

Investment Pool - The Township has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. The Borough can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAm by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. <u>Detailed notes on all funds</u> (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.

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 \$4,751,056 that exceeded greater than 5% in any one single issuer that would be considered a concentration of credit risk for December 31, 2023.

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 balances were as follows, all were considered to be Level 1.

		Investment Maturities (In Yea					
<u>INVESTMENTS</u>	Fair Value	Le	ess than 1		<u>1-5</u>		
Governmental Funds:							
Certificates of Deposit	\$ 45,747	\$	45,747	\$	-		
Externally Pooled Investments (PLGIT)	66,289		66,289		-		
U.S. Treasury Bonds and Notes	 6,634,469		523,779		6,110,690		
Total Governmental Funds	\$ 6,746,505	\$	635,815	\$	6,110,690		
Fiduciary Funds:							
Mutual Funds	\$ 171,024	\$	-	\$	-		
Exchange Traded (ETF's)	 43,630,272				-		
Total Fiduciary Funds	\$ 43,801,296	\$	-	\$	-		

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

B. Interfund receivables, payables, and transfers

As of December 31, 2023, interfund balances and transfers are primarily a result of saving for capital projects and reimbursement of expenses as follows:

		Due to	Due from			
General	\$	115,983	\$	-		
Capital reserve				115,983		
Total	\$	115,983	\$	115,983		
	<u>T1</u>	ansfer Out	T	ransfer In		
General	\$	1,715,814	\$	-		
Capital reserve				1,715,814		
Total	\$	1,715,814	\$	1,715,814		

C. Receivables

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

		Capital Fiduci		iduciary		
Receivables:	General	Reserve			<u>Funds</u>	<u>Total</u>
Taxes	\$ 879,208	\$	-	\$	-	\$ 879,208
Other	895,490		57,559		3,329	956,378
Interest	51,387		-		-	51,387
Contributions	-		-		38,499	38,499
Leases	436,855				-	 436,855
Total Receivables	\$ 2,262,940	\$	57,559	\$	41,828	\$ 2,362,327

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

C. Receivables

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

For the year ended December 31, 2023, the principal and interest receivable on long-term noncancellable leases was as follows:

Year Ending	Governmental Activities									
December 31,	_ F	Principal	_ I	nterest	Total					
2024	\$	155,807	\$	14,331	\$	170,138				
2025		164,345		6,489		170,834				
2026		31,581		4,969		36,550				
2027		33,950		3,333		37,283				
2028		33,574 1,593			35,167					
2029		17,598		404		18,002				
	\$	436,855	\$	31,119	\$	467,974				

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2023 was as follows:

Governmental Activities: Capital Assets, not being depreciated:	Beginning Balance		<u>Increases</u>		<u>Decreases</u>		Ending Balance
Land	\$ 4,446,627	\$	1,407,636	\$	_	\$	5,854,263
Construction in progress	916,616	Ċ	55,490	·	(5,000)		967,106
Total Capital Assets, not being depreciated	5,363,243	_	1,463,126		(5,000)		6,821,369
Capital Assets, being depreciated:							
Land improvements	5,261,360		692,260		-		5,953,620
Buildings and improvements	30,942,617		43,115		-		30,985,732
Machinery and equipment	1,595,087		-		(26,651)		1,568,436
Vehicles	4,014,509		758,391		(388,110)		4,384,790
Library collection	3,110,471		80,024		(2,000)		3,188,495
Infrastructure	15,053,006		1,152,405		(86,806)		16,118,605
Total Capital Assets being depreciated	59,977,050		2,726,195		(503,567)		62,199,678
Less Accumulated Depreciation for:							
Land improvements	2,598,464		263,468		_		2,861,932
Buildings and improvements	5,282,737		752,135		_		6,034,872
Machinery and equipment	1,463,929		17,211		(26,651)		1,454,489
Vehicles	2,841,183		319,356		(321,556)		2,838,983
Library collection	2,741,035		86,843		(2,000)		2,825,878
Infrastructure	6,584,913		312,207		(73,182)		6,823,938
Total Accumulated Depreciation	21,512,261	_	1,751,220		(423,389)	_	22,840,092
Total Capital Assets, being depreciated, net	 38,464,789		974,975		(80,178)		39,359,586
Governmental Activities Capital Assets, net	\$ 43,828,032	\$	2,438,101	\$	(85,178)	\$	46,180,955

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. <u>Detailed notes on all funds</u> (Continued)

D. Capital assets (continued)

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

Governmental Activities:	
Administrative	\$ 240,404
Police and Emergency Services	124,981
Public Works	916,078
Sanitation and Recycling	50,370
Library	242,565
Park and Recreation	 176,822
Total Depreciation Expense - Governmental Activities	\$ 1,751,220

E. Long-term debt

General Obligation Notes

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

General obligation notes currently outstanding are as follows:

	Interest	
<u>Purpose</u>	Rates	Amount
Governmental Activities	1.55%	\$ 7,108,000

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning				Ending	D	ue within
Governmental activities:	Balance	<u>Additions</u>	R	eductions	Balance	9	one year
Notes payable	\$ 7,600,000	\$ -	\$	(492,000)	7,108,000	\$	499,000
Net pension liability	479,853	3,735,131		(130,900)	4,084,084		-
Net post-retirement obligation	 2,770,052	 265,192		(235,164)	2,800,080		
Governmental activity							
Long-Term Liabilities	\$ 10,849,905	\$ 4,000,323	\$	(858,064)	13,992,164	\$	499,000

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. <u>Detailed notes on all funds</u> (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	Governmental Activities							
December 31	I	Principal		Interest				
2024	\$	499,000	\$	110,181				
2025		511,000		102,446				
2026		518,000		94,525				
2027		525,000		49,496				
2028		527,000		78,358				
2029-2033		2,767,000		266,369				
2034-2036		1,761,000		54,843				
	\$	7,108,000	\$	756,218				

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 \$237,348 in insurance premium expense to the Delaware Valley Property & Liability Trust pool for coverage year 2023. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$12,543.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

A. Risk management (continued)

The Township paid \$187,418 in insurance premium expense to the Delaware Valley Workers' Compensation Trust for coverage year 2023. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$16,109. The Township paid \$2,804 as a result of the payroll audit of the 2022 coverage year. An audit of the reported 2023 payroll will be performed during the first quarter of 2024.

The Township paid \$1,758,912 in insurance premium expense to the Delaware Valley Health Trust for coverage year 2023. There were no refunds or dividends distributed.

B. Contingent liabilities

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

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

C. Defined benefit pension plan

Plan Description and Membership

The Township sponsors three single employer defined benefit pension plans, the Police Pension Plan, the Salaried Employees Pension Plan, and the Hourly Employees Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, Springfield Township Pension Plans consisted of the following:

	<u>Police</u>	Salaried	<u>Hourly</u>
Inactive Members or Beneficiaries Currently Receiving Benefits (1)	33	21	10
Inactive Members Entitled to but not yet Receiving Benefits	-	2	2
Active Members	28	10	24
	61	33	36

(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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

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

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

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

Measurement Focus and Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 \$565,305 for the pensions for the year ended December 31, 2023.

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, 2023, the annual money-weighted rate of return on Plan investments, net of pension investment expense was 16.64% for the Police, 16.51% for the Salaried Employees Pension Plan, and 16.85% 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, 2023 were as follows:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Total pension liability	\$ 25,455,105	\$ 14,124,215	\$ 9,437,211
Plan fiduciary net position	 (23,366,042)	 (12,549,721)	 (9,016,684)
Net pension liability (asset)	\$ 2,089,063	\$ 1,574,494	\$ 420,527
Plan fiduciary net position as a			
percentage of the total pension liability	92%	89%	96%

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

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

- (1) Pursuant to Act 600
- (2) Based upon Philadelphia CPI to cumulative maximum of 130% of the original benefit

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

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2022.

The net pension liabilities for all three plans were measured as of December 31, 2023 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2023. There were no changes to benefit terms or assumptions since the last valuation.

The long-term expected rate of return on pension plan investments was determined using a buildingblock 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
Asset Class	Allocation	Real Rate of Return
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%

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.25% for all three plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost-plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)						
	T	otal Pension	Pl	lan Fiduciary	I	Net Pension	
		Liability	1	Net Position	Lia	Liability (Asset)	
Police Pension Plan							
Balance at December 31, 2022	\$	23,887,950	\$	21,020,835	\$	2,867,115	
Changes for the year:							
Service cost		535,002		-		535,002	
Interest		1,481,140		-		1,481,140	
Change of benefit terms		-		-		-	
Differences between expected and actual experience		1,000,437		-		1,000,437	
Change of assumptions		-		-		-	
Contributions - employer		-		237,417		(237,417)	
Contributions - employee		-		180,270		(180,270)	
Net investment income		-		3,376,944		(3,376,944)	
Benefit payments, including refunds of employee contributions		(1,449,424)		(1,449,424)		-	
Administrative expense		-		-		-	
Other changes	_				_		
Net Changes		1,567,155		2,345,207		(778,052)	
Balance at December 31, 2023	\$	25,455,105	\$	23,366,042	\$	2,089,063	

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

Net Pension Liability (continued)

rect rension Enablity (continued)	Increase (Decrease)					
	Total Pension Plan Fiduciary			N	Net Pension	
		<u>Liability</u> <u>Net Position</u>		Lia	bility (Asset)	
Salaried Pension Plan						
Balance at December 31, 2022	\$	12,720,967	\$	11,442,074	\$	1,278,893
Changes for the year:						
Service cost		135,038		-		135,038
Interest		778,851		-		778,851
Change of benefit terms		-		-		-
Differences between expected and actual experience		1,278,125		-		1,278,125
Change of assumptions		-		-		-
Contributions - employer		-		47,420		(47,420)
Contributions - employee		-		27,688		(27,688)
Net investment income		-		1,821,305		(1,821,305)
Benefit payments, including refunds of employee contributions		(788,766)		(788,766)		-
Administrative expense		-		-		-
Other changes		_				
Net Changes		1,403,248		1,107,647		295,601
Balance at December 31, 2023	\$	14,124,215	\$	12,549,721	\$	1,574,494
	_			ease (Decrease		
	T	otal Pension		lan Fiduciary	N	Net Pension
		<u>Liability</u>	1	Net Position		<u>Liability</u>
Hourly Pension Plan						
Balance at December 31, 2022	\$	9,828,976	\$	7,570,013	\$	2,258,963
Changes for the year:						
Service cost		185,678		-		185,678
Interest		619,422		-		619,422
Change of benefit terms		-		-		-
Differences between expected and actual experience		(989,067)		-		(989,067)
Change of assumptions		-		-		-
Contributions - employer		-		324,599		(324,599)
Contributions - employee		-		57,190		(57,190)
Net investment income		-		1,272,680		(1,272,680)
Benefit payments, including refunds of employee contributions		(207,798)		(207,798)		-
Other changes			_		_	
Other changes Net Changes Balance at December 31, 2023	_	(391,765)	_	1,446,671	\$	(1,838,436)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

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

	1%	Current			1%
	Decrease (5.25%)	Discount Rate (6.25%)			Increase <u>(7.25%)</u>
Net pension liability					
Police	\$ 5,311,537	\$	2,089,063	\$	(564,563)
Salaried	3,169,781		1,574,494		219,543
Hourly	1,866,815		420,527		(762,031)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, the Township recognized pension expense of \$767,724 for the Police Pension Plan, \$563,699 for the Salaried Employees Pension Plan, and \$180,041 for the Hourly Employees Pension Plan. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows			Deferred Inflows			
Police Pension	of Resources			of Resources			
Differences between expected and actual experience	\$	1,249,996	\$	19,835			
Changes in assumptions		320,542		-			
Net difference between projected and actual							
earnings on pension plan investments		781,541					
Total	\$	2,352,079	\$	19,835			
Salaried Employees Pension							
Differences between expected and actual experience	\$	717,544	\$	-			
Changes in assumptions		-		-			
Net difference between projected and actual							
earnings on pension plan investments		458,866	_				
Total	\$	1,176,410	\$	_			
Hourly Employees Pension							
Differences between expected and actual experience	\$	97,322	\$	963,411			
Changes in assumptions		633,346		-			
Net difference between projected and actual							
earnings on pension plan investments		235,626					
Total	\$	966,294	\$	963,411			

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Defined benefit pension plan (continued)

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

Year Ended		Salaried		Hourly	
December 31:	 Police	 Employees	Employees		
2024	\$ 690,920	\$ 611,349	\$	57,257	
2025	933,328	387,744		114,133	
2026	914,379	403,013		216,276	
2027	(222,140)	(225,696)		(195,039)	
2028	15,757	-		(33,611)	
Thereafter	 	 		(156,133)	
Total	\$ 2,332,244	\$ 1,176,410	\$	2,883	

Payable to the Pension Plans: For the year ended December 31, 2023, there was \$38,499 payable for contributions to the pension plans.

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period not to exceed 36 months. Monthly pension shall be calculated as of the date participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. As of December 31, 2023, the DROP account balances of \$171,024 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, 2023, there were six active participants in the Plan. Employees are required to contribute 3-5% of compensation each pay period on an after-tax basis. The Township shall contribute an amount equal to the mandatory employee contribution at a rate of 4-8%, respectively. Employer, employee, and state aid contributions to the plan for 2023 totaled \$96,106. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Springfield Township Board of Commissioners.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023.

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

Membership of the Plan consisted of the following at December 31, 2023 (the date of the latest actuarial valuation):

Inactive employees (or their beneficiaries)	
currently receiving benefits	7
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>75</u>
	<u>82</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, 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, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation 2.20%

Salary Increases 0%-4.25% (including inflation)

Investment Rate of Return Not applicable

Healthcare Cost Trend Rates Health care trend rates start at an initial rate of 8%, decreasing to an

ultimate rate of 4.5% for medical and 4.00% for dental.

Mortality rates were based on Scale MP-2021.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

E. Post-retirement benefits (continued)

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study from the period January 1, 2021 to December 31, 2022.

The net OPEB liability was measured as of December 31, 2023 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. There were no changes to benefit terms since the last valuation, the interest decreased to 4% in 2023.

Discount Rate: The discount rate used to measure the total OPEB liability was 4 percent, based upon 20-year AA/Aa municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

Change in Net OPEB Liability

	Increase (Decrease)					
	T	otal OPEB	Plan Fiduciary		Net OPEB	
		<u>Liability</u>	Net Position		<u>Liability</u>	
OPEB Plan						
Balance at December 31, 2022	\$	2,549,636	\$ -	\$	2,549,636	
Changes for the year:						
Service cost		151,334	-		151,334	
Interest		113,858	-		113,858	
Change of benefit terms		-	-		-	
Differences between expected and actual experience		(88,137)	-		(88,137)	
Change of assumptions		193,143	-		193,143	
Contributions - employer		-	119,754		(119,754)	
Benefit payments, including refunds of employee contributions		(119,754)	(119,754)			
Net Changes		250,444			250,444	
Balance at December 31, 2023	\$	2,800,080	\$ -	\$	2,800,080	

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

	1%	Current		1%
	Decrease		Discount	Increase
	<u>(3%)</u>]	Rate (4%)	<u>(5%)</u>
Net OPEB liability	\$ 3.020.532	\$	2,800,080	\$ 2,593,194

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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:

	19	% Decrease	Healthcare		Healthcare			% Increase
		Valuation		Cost Trend		Valuation		
		Rates	Valuation Rates			Rates		
Net OPEB liability	\$	2,467,213	\$	2,800,080	\$	3,198,168		

OPEB Expense, and Deferred Outflows and Inflows of Resources

For December 31, 2023, the Township reported the following deferred outflows and inflows of resources related to OPEB. The actuarial determined expense for the OPEB Plan was \$133,690.

Deferred Outflow	s Deferred Inflows
of Resources	of Resources
\$ 54,427	\$ 696,479
455,626	462,948
	<u> </u>
\$ 510,053	\$ 1,159,427
	of Resources

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

	Go	overnmental-
Year Ended		Activities
December 31:		OPEB
2024	\$	(131,502)
2025		(131,502)
2026		(131,501)
2027		(52,069)
2028		(61,232)
Thereafter		(141,568)
Total	\$	(649,374)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, the Recycling Fund balance held by Springfield Township for capital repairs at the recycling center was \$234,595. Springfield Township's share of the funds amounted to \$145,420.



Required Supplemental Information for Police Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 535,002	,	\$ 441,068							
Interest	1,481,140	1,443,858	1,377,152	1,346,909	1,301,025	1,263,604	1,244,277	1,200,004	1,213,646	1,155,286
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,000,437	(25,565)	1,207,565	(74,550)	230,125	353,442	(132,799)	(29,196)	(1,421,484)	-
Changes of assumptions	-	-	866,917	-	-	522,003	-	-	546,819	-
Benefit payments, including refunds of employee contributions	(1,449,424)	(1,264,156)	(1,196,312)	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Net change in total pension liability	1,567,155	632,224	2,696,390	257,566	859,575	928,509	652,523	485,670	(4,536)	830,872
Total pension liability - beginning	23,887,950	23,255,726	20,559,336	20,301,770	19,442,195	18,513,686	17,861,163	17,375,493	17,380,029	16,549,157
Total pension liability - ending (a)	\$ 25,455,105	\$ 23,887,950	\$ 23,255,726	\$ 20,559,336	\$ 20,301,770	\$ 19,442,195	\$ 18,513,686	\$ 17,861,163	\$ 17,375,493	\$ 17,380,029
										
Plan fiduciary net position										
Contributions - employer	\$ 237,417	\$ 228,587	\$ 323,832	\$ 286,645	\$ 719,513	\$ 701,914	\$ 653,820	\$ 738,866	\$ 727,203	\$ 709,336
Contributions - employee	180,270	170,725	156,197	152,165	137,413	129,715	122,217	118,597	188,402	126,901
Net investment income	3,376,944	(4,096,305)	3,110,597	3,117,008	3,706,545	(1,104,628)	2,736,132	1,207,711	(142,351)	698,540
Benefit payments, including refunds of employee contributions	(1,449,424)	(1,264,156)	(1,196,312)	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Other							1		(144,752)	2,292
Net change in plan fiduciary net position	2,345,207	(4,961,149)	2,394,314	2,221,348	3,555,825	(1,769,684)	2,765,818	1,160,057	25,939	978,373
Plan fiduciary net position - beginning	21,020,835	25,981,984	23,587,670	21,366,322	17,810,497	19,580,181	16,814,363	15,654,306	15,628,367	14,649,994
Plan fiduciary net position - ending (b)	\$ 23,366,042	\$ 21,020,835	\$ 25,981,984	\$ 23,587,670	\$ 21,366,322	\$ 17,810,497	\$ 19,580,181	\$ 16,814,363	\$ 15,654,306	\$ 15,628,367
Township's net pension liability - ending (a)-(b)	\$ 2,089,063	\$ 2,867,115	\$ (2,726,258)	\$ (3,028,334)	\$ (1.064.552)	\$ 1,631,698	\$ (1,066,495)	\$ 1,046,800	\$ 1,721,187	\$ 1,751,662
Township's het pension hability - ending (a)-(b)	\$ 2,089,003	\$ 2,007,113	\$ (2,720,236)	\$ (5,026,554)	\$ (1,004,332)	\$ 1,031,098	\$ (1,000,495)	\$ 1,040,000	\$ 1,721,107	\$ 1,731,002
Disa Cida di sassa di										
Plan fiduciary net position as a percentage of the total	01.00/	00.00/	111 70/	114.70/	105.20/	01.60/	105.00/	04.10/	00.10/	00.00/
pension liability	91.8%	88.0%	111.7%	114.7%	105.2%	91.6%	105.8%	94.1%	90.1%	89.9%
C11	e 2.496.796	¢ 2.152.275	¢ 2.152.592	¢ 2.102.125	¢ 2.699.644	¢ 2.562.495	¢ 2.466.015	¢ 2.200.146	¢ 2.270.000	e 2 204 651
Covered payroll	\$ 3,486,786	\$ 3,152,375	\$ 3,152,582	\$ 3,102,125	\$ 2,688,644	\$ 2,563,485	\$ 2,466,015	\$ 2,308,146	\$ 2,378,900	\$ 2,384,651
Net pension liability as a percentage of covered payroll	59.9%	91.0%	-86.5%	-97.6%	-39.6%	63.7%	-43.2%	45.4%	72.4%	73.5%
Annual money-weighted return, net of investment expenses	16.64%	-16.15%	13.04%	14.93%	21.23%	-6.45%	16.59%	8.23%	-0.92%	5.02%

Notes to Schedule:

Change in benefit terms: None since last valuation 1/1/2023 Change in assumptions: None since last valuation 1/1/2023

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017	2016	<u>2015</u>	2014
Total pension liability	Φ 125.020	A 110.200	A 121 261	Φ 107.661	Ф 102.210	ф. 104.0 5 0	A 160.540	A 172.007	ф. 1 72 010	A 104.552
Service cost	\$ 135,038									
Interest Changes of benefit terms	778,851	828,079	739,581	714,666	689,169	686,774	659,335	648,414	613,125	584,474
Differences between expected and actual experience	1,278,125	2,516	35,556	168,153	53,663	(343,837)	(117,237)	(321,007)	(49,848)	_
Changes of assumptions	1,276,123	2,510	1,123,638	-	-	257,561	(117,237)	(321,007)	116,527	_
Benefit payments, including refunds of employee contributions	(788,766	(754,924)	(641,226)	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Net change in total pension liability	1,403,248		1,388,913	421,567	478,532	453,234	373,645	158,414	495,570	431,123
Total pension liability - beginning	12,720,967	12,534,916	11,146,003	10,724,436	10,245,904	9,792,670	9,419,025	9,260,611	8,765,041	8,333,918
Total pension liability - ending (a)	\$ 14,124,215		\$ 12,534,916		\$ 10,724,436	\$ 10,245,904	\$ 9,792,670	\$ 9,419,025		\$ 8,765,041
Plan fiduciary net position										
Contributions - employer	\$ 47,420	\$ 69,401	\$ 340,798	\$ 346,054	\$ 532,387	\$ 533,554	\$ 517,252	\$ 508,747	\$ 497,069	\$ 498,189
Contributions - employee	27,688	27,044	39,252	32,996	38,913	44,774	40,713	43,946	42,869	45,548
Net investment income	1,821,305	(2,266,183)	1,723,374	1,667,668	1,971,802	(645,583)	1,359,830	634,922	(63,604)	365,774
Benefit payments, including refunds of employee contributions	(788,766	(754,924)	(641,226)	(648,913)	(456,610)	(331,314)	(337,002)	(342,890)	(356,244)	(338,124)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Other						(333)			135	
Net change in plan fiduciary net position	1,107,647	(2,924,662)	1,462,198	1,397,805	2,086,492	(398,902)	1,580,793	844,725	120,225	571,387
Plan fiduciary net position - beginning	11,442,074	14,366,736	12,904,538	11,506,733	9,420,241	9,819,143	8,238,350	7,393,625	7,273,400	6,702,013
Plan fiduciary net position - ending (b)	\$ 12,549,721	\$ 11,442,074	\$ 14,366,736	\$ 12,904,538	\$ 11,506,733	\$ 9,420,241	\$ 9,819,143	\$ 8,238,350	\$ 7,393,625	\$ 7,273,400
Township's net pension liability - ending (a)-(b)	\$ 1,574,494	\$ 1,278,893	\$ (1,831,820)	\$ (1,758,535)	\$ (782,297)	\$ 825,663	\$ (26,473)	\$ 1,180,675	\$ 1,866,986	\$ 1,491,641
Plan fiduciary net position as a percentage of the total pension liability	88.9%	89.9%	114.6%	115.8%	107.3%	91.9%	100.3%	87.5%	79.8%	83.0%
Covered-employee payroll	\$ 846,952	\$ 818,722	\$ 831,247	\$ 911,515	\$ 1,139,203	\$ 1,424,688	\$ 1,435,454	\$ 1,380,244	\$ 1,384,592	\$ 1,331,338
Net pension liability as a percentage of covered payroll	185.9%	156.2%	-220.4%	-192.9%	-68.7%	58.0%	-1.8%	85.5%	134.8%	112.0%
Annual money-weighted return, net of investment expenses	16.51%	-16.17%	13.05%	14.64%	21.23%	-6.56%	16.57%	8.39%	-0.89%	5.01%

Notes to Schedule:

Change in benefit terms: None since last valuation 1/1/2023 Change in assumptions: None since last valuation 1/1/2023

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

		<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Total pension liability Service cost	\$	185,678	¢	184,844	\$	168,892	\$	141,683	\$	143,894	\$	136,368	\$	128,788	\$	119,986	\$	118,408	2	91,739
Interest	φ	619,422	φ	586,578	φ	538,644	φ	505,660	φ	471,029	φ	444,757	φ	415,031	φ	397,620	φ	327,018	φ	304,326
Changes of benefit terms		-		-		-		-		-		-		-		-		-		-
Differences between expected and actual experience		(989,067)		(43,399)		80,951		(36,883)		27,308		(77,819)		1,155		(156,242)		321,132		-
Changes of assumptions Benefit payments, including refunds of employee contributions		(207,798)		(198,902)		780,264 (159,830)		(138,211)		(115,706)		237,791 (132,480)		(123,320)		(110.546)		358,526 (116,590)		(90.520)
Net change in total pension liability	-	(391,765)	_	529,121	_	1,408,921	-	472,249	_	526,525	_	608,617	_	421,654	_	(119,546) 241,818	_	1,008,494	-	(80,529)
Total pension liability - beginning		9,828,976		9,299,855		7,890,934		7,418,685		6,892,160		6,283,543		5,861,889		5,620,071		4,611,577		4,296,041
Total pension liability - ending (a)	\$	9,437,211	\$	9,828,976	\$	9,299,855	\$	7,890,934	\$	7,418,685	\$	6,892,160	\$	6,283,543	\$	5,861,889	\$	5,620,071	\$	4,611,577
	-	2,102,122	_	7,020,770	-	,,_,,,,,,	-	1,020,22	-	.,,,,	-	3,072,200	-	0,200,010	-	2,002,000	_	-,,	_	.,,,,,,,,,
Plan fiduciary net position																				
Contributions - employer	\$	324,599	\$	301,714	\$	299,455	\$	301,836	\$	242,450	\$	239,010	\$	197,015	\$	132,802	\$	123,667	\$	119,609
Contributions - employee		57,190		57,220		57,391		50,993		52,000		50,913		47,923		44,794		47,218		48,899
Net investment income		1,272,680		(1,410,021)		1,011,921		1,000,170		1,089,106		(347,705)		738,545		329,993		(39,995)		92,076
Benefit payments, including refunds of employee contributions Other		(207,798)		(198,902)		(159,830)		(138,211)		(115,706)		(132,480)		(123,320)		(119,546)		(116,590) 79		(80,529)
	-		_		_		-	-	-	- 1 2 5 7 0 5 0	_		_		_	-	_		-	- 100.055
Net change in plan fiduciary net position		1,446,671		(1,249,989)		1,208,937		1,214,788		1,267,850		(190,262)		860,163		388,043		14,379		180,055
Plan fiduciary net position - beginning		7,570,013		8,820,002		7,611,065		6,396,277		5,128,427		5,318,689		4,458,526		4,070,483		4,056,104		3,876,049
Plan fiduciary net position - ending (b)	\$	9,016,684	\$	7,570,013	\$	8,820,002	\$	7,611,065	\$	6,396,277	\$	5,128,427	\$	5,318,689	\$	4,458,526	\$	4,070,483	\$	4,056,104
Township's net pension liability - ending (a)-(b)	\$	420,527	\$	2,258,963	\$	479,853	\$	279,869	\$	1,022,408	\$	1,763,733	\$	964,854	\$	1,403,363	\$	1,549,588	\$	555,473
Plan fiduciary net position as a percentage of the total pension liability		95.5%		77.0%		94.8%		96.5%		86.2%		74.4%		84.6%		76.1%		72.4%		88.0%
pension naointy		93.370		77.070		94.070		90.370		80.270		74.470		04.070		70.170		72.470		00.070
Covered payroll	\$	1,844,232	\$	1,779,903	\$	2,020,117	\$	1,851,330	\$	1,770,153	\$	1,680,652	\$	1,594,828	\$	1,533,488	\$	1,513,417	\$	1,524,506
Net pension liability as a percentage of covered payroll		22.8%		126.9%		23.8%		15.1%		57.8%		104.9%		60.5%		91.5%		102.4%		36.4%
Annual money-weighted return, net of investment expenses		16.85%		-15.68%		13.00%		15.35%		21.34%		-6.48%		16.52%		8.06%		-1.00%		5.02%
7 minute money-weighted return, net of investment expenses		10.03/0		-13.00/0		13.00/0		15.55/0		21.54/0		-0.70/0		10.52/0		0.0070		-1.00/0		5.02/0

Notes to Schedule:

Change in benefit terms: None since last valuation 1/1/2023 Change in assumptions: None since last valuation 1/1/2023

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.

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CONTRIBUTIONS

									Contribution as
Fiscal	A	ctuarially		Actual	C	ontribution			a Percentage
Year Ended	De	etermined	E	mployer	Deficiency (Covered	of Covered	
December 31,	Co	ntribution	Co	ntribution		(Excess)		<u>Payroll</u>	<u>Payroll</u>
2014	\$	709,336	\$	709,336	\$	-	\$	2,384,651	29.75%
2015		727,203		727,203		-		2,378,900	30.57%
2016		706,591		738,866		(32,275)		2,308,146	32.01%
2017		653,820		653,820		-		2,466,015	26.51%
2018		694,260		701,914		(7,654)		2,563,485	27.38%
2019		709,872		719,513		(9,641)		2,563,485	28.07%
2020		286,645		286,645		-		3,102,125	9.24%
2021		323,832		323,832		-		3,152,582	10.27%
2022		204,026		228,587		(24,561)		3,152,375	7.25%
2023		213,300		237,417		(24,117)		3,486,786	6.81%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date 1/1/2021

Actuarial cost method Entry Age Normal
Amortization method Level Dollar - Closed

Remaining amortization period 0 years
Asset valuation method Market Value

Inflation 3%

Salary increases 4%, average, including inflation

Investment rate of return 6.25%, net of pension plan investment expense, including inflation

Retirement age Age 53 and 25 years of service

Mortality RP-2014 at 2006 (Blue Collar) with MP-2017 Generational

Change in benefit terms related to above: None since 1/1/2021

Change in assumptions related to above: The investment rate of return decreased from 6.75% to

to 6.25% and the mortality tables have been updated in 2021

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended December 31,	De	ctuarially etermined ontribution	E	Actual mployer ntribution	ontribution Deficiency (Excess)	Covered <u>Payroll</u>		Contribution as a Percentage of Covered <u>Payroll</u>
2014	\$	498,189	\$	498,189	\$ -	\$ 1,331,338		37.42%
2015		497,069		497,069	-	1,384,592		35.90%
2016		493,542		508,747	(15,205)	1,380,244		36.86%
2017		517,252		517,252	-	1,435,454		36.03%
2018		529,123		533,554	(4,431)	1,424,688		37.45%
2019		532,387		532,387	-	1,139,203		46.73%
2020		346,054		346,054	-	911,515		37.96%
2021		335,874		340,798	(4,924)	831,247		41.00%
2022		56,103		69,401	(13,298)	818,722		8.48%
2023		42,627		47,420	(4,793)	846,952		5.60%
2023		42,627		47,420	(4,793)	846,952		5.60%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date 1/1/2021

Actuarial cost method Entry Age Normal
Amortization method Level Dollar Closed

Remaining amortization period 4 years

Asset valuation method Market value of assets determined by the trustee

Inflation 3%

Salary increases 4.00%, average, including inflation

Investment rate of return 6.25%, net of pension plan investment expense, including inflation

Retirement age 25% at age 62, 10% at ages 63-64, 50% at age 65,

10% at age 66, 20% at age 67, 10% at ages 68-69, 100% at age 70

Mortality RP-2014 at 2006 Healthy Annuitant using MP-2017

Change in benefit terms related to above: None since 1/1/2021

Change in assumptions related to above: The investment rate of return decreased from 6.75% to

to 6.25% and the mortality tables have been updated in 2021

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

								Contribution as
Fiscal	A	ctuarially	A	Actual	C	ontribution		a Percentage
Year Ended	De	etermined	Eı	mployer	I	Deficiency	Covered	of Covered
December 31,	Co	ntribution	Contribution			(Excess)	<u>Payroll</u>	<u>Payroll</u>
2014	\$	119,609	\$	119,609	\$	-	\$ 1,331,338	8.98%
2015		123,667		123,667		-	1,513,417	8.17%
2016		124,945		132,802		(7,857)	1,533,488	8.66%
2017		197,015		197,015		-	1,594,828	12.35%
2018		239,010		239,010		-	1,680,652	14.22%
2019		242,450		242,450		-	1,770,153	13.70%
2020		301,836		301,836		-	1,851,330	16.30%
2021		299,455		299,455		-	2,020,117	14.82%
2022		292,249		301,714		(9,465)	1,779,903	16.95%
2023		291,643		324,599		(32,956)	1,844,232	17.60%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date 1/1/2021

Actuarial cost method Entry Age Normal
Amortization method Level Dollar Closed

Remaining amortization period 10 years

Asset valuation method Market value of assets determined by the trustee

Inflation 3%

Salary increases 4.00%, average, including inflation

Investment rate of return 6.25%, net of pension plan investment expense, including inflation

Retirement age 67% at age 62, 10% at ages 63-64, 100% at age 65 Mortality RP-2014 at 2006, Blue Collar using MP-2017

Change in benefit terms related to above: None since 1/1/2021

Change in assumptions related to above: The investment rate of return decreased from 6.75% to

to 6.25% and the mortality tables have been updated in 2021

Required Supplemental Information

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

		2023		2022	2021		2020		2019		2018
Total OPEB liability											
Service cost	\$	151,334	\$	202,752	\$ 212,710	\$	202,963	\$	172,902	\$	200,160
Interest		113,858		65,366	63,479		97,619		112,893		114,619
Changes of benefit terms		-		-	-		-		-		-
Differences between expected and actual experience		(88,137)		66,521	(198,137)		(539,590)		162,105		(411,212)
Changes of assumptions		193,143		(419,046)	(25,916)		374,396		(79,662)		(303,738)
Benefit payments (including premium subsidies)		(119,754)		(136,009)	(126,656)		(163,268)		(137,934)		(177,459)
Net change in total OPEB liability		250,444		(220,416)	(74,520)		(27,880)		230,304		(577,630)
Total OPEB liability - beginning		2,549,636		2,770,052	2,844,572		2,872,452		2,642,148		3,219,778
Total OPEB liability - ending (a)	\$	2,800,080	\$	2,549,636	\$ 2,770,052	\$	2,844,572	\$	2,872,452	\$	2,642,148
• • • • • • • • • • • • • • • • • • • •	_		_			_		_		-	
Plan fiduciary net position											
Contributions - employer (including premium subsidies)	\$	119,754	\$	136,009	\$ 126,656	\$	163,268	\$	137,934	\$	177,459
Benefit payments (including premium subsidies)		(119,754)		(136,009)	 (126,656)		(163,268)		(137,934)		(177,459)
Net change in plan fiduciary net position		-		-	-		-		-		-
Plan fiduciary net position - beginning		-		-	-		-		_		-
Plan fiduciary net position - ending (b)	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-
Township's net OPEB liability - ending (a)-(b)	\$	2,800,080	\$	2,549,636	\$ 2,770,052	\$	2,844,572	\$	2,872,452	\$	2,642,148
Plan fiduciary net position as a percentage of the total											
OPEB liability		0.0%		0.0%	0.0%		0.0%		0.0%		0.0%
Covered payroll	\$	7,399,574	\$	6,729,923	\$ 6,454,373	\$	5,719,468	\$	5,675,244	\$	5,681,441
Net OPEB liability as a percentage of covered payroll		37.8%		37.9%	42.9%		49.7%		50.6%		46.5%
	N.T	1: 11	N.T	1: 11	 1: 11	N.T	1: 11	N.T	1: 11	N.T	

Annual money-weighted return, net of investment expenses

Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable

Notes to Schedule:

Change in assumptions: Discount rate changed from 2.12% to 2.25% in 2021, and to 4.31% in 2022, then to 4% in 2023

Change in benefit terms: None since latest valuation 1/1/2023

SPRINGFIELD TOWNSHIP

$\frac{\text{COMBINING STATEMENT OF FIDUCIARY NET POSITION}}{\text{FIDUCIARY FUNDS}}$

December 31, 2023

					Sala	ried Pension	ı		_			
		Police		Defined		Defined				Hourly	To	tal Pension
	I	Pension		Benefit	Co	ontribution		Total		Pension	T	rust Funds
Assets												
Cash	\$	633,626	\$	324,461	\$	24,767	\$	349,228	\$	292,607	\$	1,275,461
Contributions receivable		20,923		3,970		7,278		11,248		6,328		38,499
Due from other pension		-		3,329		-		3,329		-		3,329
Prepaid benefits		110,877		64,981		-		64,981		17,719		193,577
Investments												
Exchange traded funds												
and mutual funds	2	2,600,616		12,152,980		347,670		12,500,650		8,700,030		43,801,296
Total Assets	\$ 2	3,366,042	\$	12,549,721	\$	379,715	\$	12,929,436	\$	9,016,684	\$	45,312,162
Liabilities												
Accounts payable	\$	-	\$	-	\$	53,440	\$	53,440	\$	-	\$	53,440
Due to other pension		-		-		3,329		3,329		-		3,329
Total Liabilities			_			56,769	_	56,769	_		_	56,769
Net Position - Restricted for:												
Pension Benefits	2	3,366,042		12,549,721		322,946		12,872,667		9,016,684		45,255,393
Municipalities and Others												
Total Net Position	2	3,366,042		12,549,721		322,946	_	12,872,667		9,016,684		45,255,393
Total Liabilities and Net Position	\$ 2	3,366,042	\$	12,549,721	\$	379,715	\$	12,929,436	\$	9,016,684	\$	45,312,162

R	Recycling		Total Custodia Funds						
\$	234,595	\$	184,217	\$	418,812				
	-		-		-				
	-		-		-				
	-		-		-				
			_						
\$	234,595	\$	184,217	\$	418,812				
\$	-	\$	-	\$	-				
	-		-						
	-		-		-				
	_		_		_				
	234,595		184,217		418,812				
	234,595		184,217		418,812				
	· · ·				· · ·				
\$	234,595	\$	184,217	\$	418,812				

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

December 31, 2023

		Salaried Pension									
	Police		Defined]	Defined				Hourly	T	otal Pension
	 Pension		Benefit	Co	ntribution		Total		Pension		Γrust Funds
Additions											
Contributions											
Member contributions	\$ 180,270	\$	27,688	\$	36,964	\$	64,652	\$	57,190	\$	302,112
Employer contributions	17,209		3,412		59,142		62,554		23,510		103,273
State aid	220,208		44,008		-		44,008		301,089		565,305
Other	 -				-	_			-		
Total Contributions	 417,687		75,108		96,106		171,214	_	381,789		970,690
Investment Earnings											
Net appreciation (depreciation) in											
fair value of investments	2,906,511		1,564,968		37,481		1,602,449		1,093,041		5,602,001
Dividends & Interest	 546,203		297,270		7,265		304,535		207,439		1,058,177
Total Investment Earnings	3,452,714		1,862,238		44,746		1,906,984		1,300,480		6,660,178
Less: investment expense	 (75,771)		(40,932)		(972)		(41,904)		(27,799)		(145,474)
Net Investment Earnings	 3,376,943	_	1,821,306		43,774	_	1,865,080	_	1,272,681		6,514,704
Total Additions	 3,794,630		1,896,414		139,880		2,036,294		1,654,470		7,485,394
Deductions											
Benefits	1,449,423		788,766		31,826		820,592		207,798		2,477,813
Total Deductions	1,449,423		788,766		31,826		820,592	_	207,798	_	2,477,813
Change in Net Position	2,345,207		1,107,648		108,054		1,215,702		1,446,672		5,007,581
Net Position - Restricted:											
Beginning of Year (Restated)	 21,020,835		11,442,073		214,892		11,656,965		7,570,012		40,247,812
End of Year	\$ 23,366,042	\$	12,549,721	\$	322,946	\$	12,872,667	\$	9,016,684	\$	45,255,393

				Tota	al Custodial
F	Recycling		Escrow		Funds
\$	-	\$	-	\$	-
	-		-		-
	-		-		-
			127,963		127,963
	-		127,963		127,963
	_				
	_		_		_
	4,984		_		4,984
	4,984				4,984
	4,904		-		4,204
	4.004	_			4.004
	4,984				4,984
	4,984		127,963		132,947
	-		-		-
	4.004		127.062		122.047
	4,984		127,963		132,947
	220 (11		56.054		205.065
	229,611	_	56,254		285,865
\$	234,595	\$	184,217	\$	418,812