

**SPRINGFIELD TOWNSHIP  
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**



SPRINGFIELD TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2021

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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, 2021, 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, 2021, 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 & Co.*

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

Warrington, PA  
October 13, 2022

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

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, 2021. Please read the analysis in conjunction with the Township's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021**

**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 2021 by \$47.6 million (total net position). Of this amount, \$10.7 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 \$12.1 million.

The Township's General Fund had total revenues of \$17,629,639 generated in tax and other revenues compared with total expenditures of \$14,441,126, providing an excess of revenues over expenditures of \$3,188,513 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net increase in fund balance of \$1,879,532 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 \$4,083 or .03% less than the adopted budget, while revenues exceeded budget expectations by \$327,356 or 1.8%. Revenue categories that surpassed expectations include real estate transfer taxes, business and mercantile taxes, earned income taxes, local services tax, licenses and permits, fines and forfeitures, intergovernmental revenues, charges for services and miscellaneous revenues. Real Estate Taxes, which are the single largest source of revenue, exceeded budget projections by \$3,712 or 0.1%.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**USING THIS ANNUAL REPORT**

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

**Reporting on the Township as a Whole**

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

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

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

**Reporting the Township's Most Significant Funds**

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



**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

Springfield Township has two kinds of funds:

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

**Infrastructure Assets**

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

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**THE TOWNSHIP AS A WHOLE**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2021	2020
Current and other assets	\$ 18,875,226	\$ 16,567,306
Capital assets	44,132,376	45,136,661
Total Assets	63,007,602	61,703,967
Deferred Outflows of Resources	3,901,380	1,444,784
Long-term liabilities	10,849,905	11,209,441
Other liabilities	1,025,589	1,056,257
Total Liabilities	11,875,494	12,265,698
Deferred Inflows of Resources	7,397,284	5,318,420
Net Position:		
Invested in capital assets, net of debt	36,047,376	36,759,661
Restricted	879,815	855,033
Unrestricted	10,709,013	7,949,939
Total Net Position	\$ 47,636,204	\$ 45,564,633

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 2021, Springfield Township's assets exceeded liabilities by \$47.6 million. The largest portion of the Township's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used; it also is reported net of the related outstanding debt. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

In comparing the 2021 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately \$2.07 million. Current assets increased by \$2.3 million; invested in capital assets, net of debt decreased by \$712,285; and restricted net position increased by \$24,782.

Due to fluctuations in the actuarial determined pension and other post-employment benefits liabilities, deferred outflows of resources increased by \$2.46 million; long-term liabilities decreased by \$359,536; and deferred inflows increased by \$2.08 million.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**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 2021 the Township experienced an increase in net position of \$2.2 million. The following chart shows the revenues and expenses of the governmental activities:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
REVENUES		
Program revenues:		
Charges for services	\$ 2,836,688	\$ 2,291,330
Operating grants and contributions	1,322,198	1,534,090
Capital grants and contributions	215,195	239,285
General revenues:		
Property taxes	5,859,516	5,745,566
Other taxes	6,730,634	5,936,332
Grants and contributions not restricted to specific programs	11,502	10,860
Investment income	(81,415)	277,499
Gain (loss) on sale/retirement of assets	(122,613)	(54,424)
Miscellaneous	<u>1,421,844</u>	<u>1,496,187</u>
Total Revenues	<u>\$ 18,193,549</u>	<u>\$ 17,476,725</u>

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

EXPENSES

Administration	\$ 5,300,497	\$ 5,400,347
Licenses and permits	384,644	286,546
Police and emergency service	4,154,418	3,910,150
Public works	2,414,980	1,772,847
Sanitation and recycling	1,535,639	1,633,971
Library	908,539	921,306
Parks and recreation	<u>1,318,834</u>	<u>267,436</u>
Total Expenses	<u>16,017,551</u>	<u>14,192,603</u>
Change in Net Position	2,175,998	3,284,122
Net Position - Beginning	<u>45,564,633</u>	<u>42,280,511</u>
Net Position - Ending	<u>\$ 47,740,631</u>	<u>\$ 45,564,633</u>

In 2021, the revenue category property taxes increased by \$113,950 (2.0%) due to new home sales.

The revenue category Other Taxes increased by \$794,302 due principally to increases in the real estate transfer tax due to a robust housing market and new home sales. Investment income for year was a loss of \$81,415 as a result of unrealized losses in the TD Wealth Account.

Expenses related to administration decreased by \$100,000 (1.8%), while parks and recreation saw an increase of \$1.05 million (393%) in 2021 primarily due to the resumption of programs and activities that were cancelled due to COVID restrictions imposed in 2020. Other significant fluctuations include an increase in public works expenses of \$642,133 (36%) due to severe weather events and a transitional period during which the retiring Public Works Director and a new Director were employed simultaneously. There was also an increase in police and emergency services of \$244,268 (6.2%). Most of which was related to the hiring of 3 replacement officers.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Normal Impacts - Revenues and Expenses**

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

**Revenues**

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

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

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

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

**Expenses**

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

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

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

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

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Current Year Impacts – Revenues and Expenses**

**Governmental Activities**

For the fiscal year ended December 31, 2021, revenues for governmental activities totaled \$18.2 million. The township's largest revenue source was the category other taxes, of which \$6.7 million (37.0%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The second largest revenue category was property taxes, which included \$5.9 million (32.2%) in receipts. The third largest revenue source was the category charges for services. The Township collected \$2.8 million (15.6%) in refuse service fees, building permits, and activity fees for parks and recreation programs. The fourth largest revenue source, miscellaneous revenue \$1.4 million (7.8%) was slightly greater than operating grants and contributions totaling \$1.3 million (7.3%).

For the 2021 fiscal year, expenses for government activities totaled \$16.0 million, representing an increase of \$1.8 million from the prior year. As the table on page 10 indicates, activities funded through the administration operating department constitute the single largest program expense at \$5.3 million (33.1% of total expenses). The second largest program expense is for police and emergency services at \$4.2 million (25.9%). Public works expenses are the third largest expense category at \$2.4 million (15.1%). Sanitation and recycling expenses are the next largest program expense at \$1.5 million (9.6%). Parks and recreation expenses were \$1.3 million (8.2%), Library expenditures were \$908,539 (5.7%), and licenses and permits were \$384,644 (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 increase as replacement officers were hired following the retirement or resignation of several officers in 2020. These increases are slightly offset with decreases in spending by sanitation and recycling (waste and recycling disposal fees) and library services.

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2021, revenues exceeded expenses by \$2.2 million, resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$47.7 million.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**General Fund Budgetary Highlights**

The Government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed General Fund expenses to come in slightly under budget, with total expenditures \$4,083 (.02%) less than budget. Total revenues exceeded budget estimates by \$327,356 (1.8%), resulting in an excess of revenues over expenses of \$331,439, before other financing sources and uses. The additional revenues can be attributed to better than expected receipts for earned income tax, charges for services, miscellaneous revenues, real estate transfer, business privilege and mercantile tax collections, real estate tax, local services receipts, licenses and permits, and intergovernmental services. These increases were offset by a decrease in interest & rents. Please refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, on page 25, for detailed information.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of 2021, the Township had \$44.1 million invested in a broad range of capital assets, including land, buildings, equipment, park facilities, roads, bridges, and storm sewer lines. Capital Asset Activity for the year 2021 is presented in detail on pages 39 and 40 of the Notes section.

	Beginning Balance		Net Additions (Deletions)		Ending Balance	
	1/1/21	1/1/20	2021	2020	12/31/21	12/31/20
<b>Non-Depreciable Assets</b>						
Land and easements	\$ 4,446,627	\$ 4,446,627	\$ -	\$ -	\$ 4,446,627	\$ 4,446,627
Construction in progress	757,239	698,264	91,891	58,975	849,130	757,239
<b>Other Capital Assets</b>						
Land improvements	5,015,522	4,683,621	6,394	331,901	5,021,916	5,015,522
Buildings and improvements	30,853,127	30,375,614	51,226	477,513	30,904,353	30,853,127
Machinery and equipment	1,640,235	1,665,672	39,537	(25,437)	1,679,772	1,640,235
Vehicles	3,615,167	3,699,729	82,721	(84,562)	3,697,888	3,615,167
Library collection	2,951,091	2,873,533	80,199	77,558	3,031,290	2,951,091
Infrastructure	14,398,100	14,139,851	342,509	258,249	14,740,609	14,398,100
Less: accumulated depreciation on capital assets	(18,540,447)	(17,055,952)	(1,698,762)	(1,484,495)	(20,239,209)	(18,540,447)
<b>Totals</b>	<u>\$ 45,136,661</u>	<u>\$ 45,526,959</u>	<u>\$ (1,004,285)</u>	<u>\$ (390,298)</u>	<u>\$ 44,132,376</u>	<u>\$ 45,136,661</u>

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2021, the Township closed out several public projects including the installation of four new school zone flashers on Paper Mill Road, the construction of a new pedestrian trail at 1110 Church Road to complement a planned walking path that is to be constructed as part of the redevelopment of the old Enfield Elementary School for athletic fields, and the abatement and demolition of the office building at the former Tank Car Corporation of America property on Walnut Avenue. The Township also continued its annual street resurfacing program and performed traffic signal upgrades, bridge repairs, storm sewer improvements and routine vehicle and equipment replacement.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**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 2021, the Township's level of outstanding debt was \$8,085,000, and well below its "Borrowing Base" capacity of just over \$17,000,000 (last calculated in 2017).

General Obligation Notes

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

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

Tax Anticipation Notes

The Township typically obtains a tax anticipation note to provide funds for operating activities in anticipation of the receipt of tax revenues during the current year. As part of the 2021 budget process, the Township solicited proposals from several local banks but could not find a proposal that allowed for prepayment of the debt before year end. Accordingly, the township chose to self-finance their operating activities instead.

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



**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**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 2021 budget was prepared with the concept of maintaining the same general level of service as in previous years, with minor variations as discussed by the Board of Commissioners throughout the prior year. Examples of such variations include the installation of new school zone warning signals along Paper Mill Road, the demolition of a dilapidated office building 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, communications and other police equipment including body armor, Taisr's and the replacement of two police vehicles. A new public works bucket truck and enclosed landscape trailer were also purchased to replace equipment that had exceeded its useful life. These projects were funded utilizing a combination of capital reserve funds and in the case of the school signals, government grants.

The 2021 Real Estate Tax rates increased by \$13.15 per household from 4.441 mills in 2020 to 4.516.

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 sale of the Township's sanitary sewer system in 2015 to the Bucks County Water & Sewer Authority (BCWSA) eliminated the receipts and expenses associated with the operation of the sewer system from the township's annual operating budget. Accordingly, the budget no longer reflects sewer rental income or expense.

When the 2021 real estate tax and refuse service fee is combined, the typical household realized an increase of \$21.77, or 2.2% over the combined 2020 real estate tax and refuse fee. The 2021 year-end financials saw general fund revenues exceed budget estimates by \$327,356 or 1.8%. Individual revenue categories that surpassed expectations included real estate transfer, business privilege, mercantile, and earned income taxes. When combined under the category "other taxes", these taxes represented the single largest revenue source. Real estate taxes constituted the township's second largest revenue category, accounting for \$5.9 million in receipts.

Interest and rent was less than expected by \$83,578 in 2021, due to lower interest rates on investments and pandemic influenced rental income. The only other revenue source that did not meet projections was the amusement tax, which was \$750 less than anticipated. All other revenue sources exceeded projections.

General Fund expenses in 2021 were primarily in line with projections coming in at just \$4,083 under budget. Operating expenditures related to highway, library, parks & recreation, general government, and miscellaneous expenses were .02%, 0.34%, 1.11%, 0.3%, and 0.7% more than expected, respectively. All other expense categories were less than projected. Public safety expenses were \$10,261 below budget while sanitation and recycling expenses were \$37,222 below budget.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

In September 2022, President Biden declared that the COVID-19 pandemic was over, although some impacts are still being experienced by certain industries, and inflation is at its highest in over 40 years. The effects of the pandemic, and the resulting economic recovery, continue to negatively affect financial markets worldwide. Although the Township is hopeful that the worst of these impacts are over, it cannot predict exactly how it's long-term financial condition or operations will be impacted. To-date the Township has largely continued its normal operations, and has not seen significant changes to overall assessed value levels or increases in tax deferrals. To the contrary, the local real estate market has seen robust sales and record prices, and receipts from the earned income and business privilege taxes continue to exceed prior year revenues. In addition, building permits remain strong.

The 2021 real estate tax increased by an average of \$13.15 per household, as the millage rate increased to 4.516 mills. In 2022 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 2022 general operating budget will be \$1,092,222 or 6.3% more than the 2021 adopted budget. The increase of 6.3% can be attributed to an increase in capital project expenditures, including debt service payments, vehicle and equipment replacements, and improvements to parks and recreation facilities. Additional increases will be associated with employee wages, medical benefits and contributions to the volunteer fire companies. These increases are offset to some extent by reductions to pension expenses, recycling disposal fees, street lighting, and engineering expenses.

The refuse service fee, which increased by \$8.62 per household in 2021, will decrease by \$6.32 per household in 2022 due to a reduction in 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. However, a new solid waste disposal contract awarded in September 2022 will result in an increase of \$13.21 per ton in 2023.

The combined 2022 real estate tax and refuse service fee paid by the typical household will decrease by \$6.32 or 0.6% over those paid in 2021.

**TOWNSHIP OF SPRINGFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

After reducing its debt service payments in 2021 via the refinancing of its 2016 General Obligation Note. The new Note bears interest at a fixed rate of 1.55% versus 2.26% and will result in \$663,969 in interest payment savings over the life of the loan. However, the 2022 debt service payments increased by \$188,474 based upon the amortization schedule provided by the bank. The 2023 debt service payments will be approximately \$500 less than in 2022. The 2020 General Obligation Note will be satisfied in full in October 2036. Additional capital expenses include funding for a complete exterior painting of the Black Horse Inn, erect a fence around the perimeter of the police parking lot and replace the emergency generator at the ambulance garage. The Township will also appropriate \$295,000 for its annual road resurfacing program through the Highway Aid fund.

As with most service-based organizations, employee wages and benefits will continue to be the single largest general fund expense for the Township in 2022. The police labor agreement, which expired at the end of 2018, was decided through arbitration with police wages increasing by 3.25% in 2019, 3.5% in 2020, 3.75% in 2021, and 3.95% in 2022. The labor agreement with the public works employees was renegotiated in 2019 and resulted in wage increases of 3.0% in 2020 and 2021, and 2.75% in 2022 and 2023. Salaried employees are not represented by a bargaining unit but typically receive a combination of wages and benefits comparable to the police and public works employees. Accordingly, wages for salaried employees increased by 3.25% in 2022.

Healthcare premiums for all township employees decreased in 2016 due to the implementation of a new medical and prescription plan with increased copays for all employees. All public works and salaried employees contribute 1% of their wages towards the cost of their medical benefits. The arbitration settlement with the police union introduced a condition whereby members of the police bargaining unit are now required to contribute one percent (1%) of their annual base salary towards their healthcare premiums. The premiums increased by 4.0% in 2018, 4.75% in 2019, 4.7% in 2020, and 3.1% in 2021. However, the Township accepted an offer by its healthcare provider to enroll in a two-year plan that eliminated the anticipated 2022 increase with the exception of a 5.1% increase to prescription plan portion.

Municipal pension fund obligations, after decreasing by \$60,658, or 5.2% in 2021, will decrease by \$382,770 or 38.8% in 2022 based upon the latest actuarial projections. In September 2021 the Board of Commissioners reduced the assumed rate of return on pension investments from 6.75% to 6.25%, which will help ensure the proper level of funding is provided for all plans. All employees will continue to contribute between 3% and 5% of their wages toward future pension benefits. In order to gain additional cost certainty for future retirement benefits, a new defined contribution retirement plan was created for all salaried employees that were hired after January 1, 2016. As legacy employees retire and new employees are enrolled in the new defined contribution plan, the Township's post-retirement obligations will ease.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

SPRINGFIELD TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2021

	<u>Primary Government</u>
	Governmental
	Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,897,487
Investments	7,003,290
Receivables	2,360,293
Temporarily restricted assets:	
Cash escrows	22,117
Investments	33,961
Net pension asset	4,558,078
Capital assets not being depreciated:	
Land	4,446,627
Construction in progress	849,130
Other capital assets (net of accumulated depreciation)	38,836,619
Total Assets	<u>63,007,602</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows for pensions	3,502,115
Deferred outflows for OPEB plan	399,265
Total deferred outflows of resources	<u>3,901,380</u>
 <u>LIABILITIES</u>	
Accounts payable and other current liabilities	518,472
Escrows	22,117
Non-current liabilities:	
Due within one year	485,000
Due after one year	10,849,905
Total Liabilities	<u>11,875,494</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows for governmental revenues	1,017,641
Deferred inflows for pensions	5,305,973
Deferred inflows for OPEB plan	1,073,670
Total deferred inflows of resources	<u>7,397,284</u>
 <u>NET POSITION</u>	
Net investment in capital assets	36,047,376
Restricted for:	
Library	116,796
Highways and streets	740,902
Capital outlay	22,117
Unrestricted	10,709,013
Total Net Position	<u>\$ 47,636,204</u>

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

SPRINGFIELD TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Governmental Activities				
	Total Primary Government	Admini- strative	Licenses and Permits	Police and Emergency Services	Public Works
Expenses:					
Program expenses	\$ 14,000,715	\$ 4,944,462	\$ 384,644	\$ 4,057,629	\$ 1,254,152
Depreciation	1,886,853	226,052	-	96,789	1,160,828
Interest on debt	129,983	129,983	-	-	-
Total Expenses	<u>16,017,551</u>	<u>5,300,497</u>	<u>384,644</u>	<u>4,154,418</u>	<u>2,414,980</u>
Program Revenues:					
Charges for services	2,836,688	24,600	790,353	59,443	975
Operating grants and contributions	1,322,198	483,640	-	157,493	546,705
Capital grants and contributions	215,195	145,751	-	-	21,096
Total Program Revenues	<u>4,374,081</u>	<u>653,991</u>	<u>790,353</u>	<u>216,936</u>	<u>568,776</u>
Net (Expense) Revenue	(11,643,470)	(4,646,506)	405,709	(3,937,482)	(1,846,204)
General Revenues:					
Taxes:					
Real estate	5,859,516				
Transfer taxes	972,757				
Business and mercantile taxes	1,206,738				
Earned income taxes	4,249,254				
Local services tax	301,885				
Grants and contributions not restricted to specific programs	11,502				
Investment earnings (loss)	(81,415)				
Gain (loss) on sale/retirement of assets	(122,613)				
Miscellaneous	1,421,844				
Total General Revenues	<u>13,819,468</u>				
Change in Net Position	2,175,998				
Net Position - Beginning (Restated)	<u>45,460,206</u>				
Net Position - Ending	<u>\$ 47,636,204</u>				

<u>Sanitation and Recycling</u>	<u>Sewer</u>	<u>Library</u>	<u>Park and Recreation</u>
\$ 1,502,459	\$ -	\$ 674,676	\$ 1,182,693
33,180	-	233,863	136,141
-	-	-	-
<u>1,535,639</u>	<u>-</u>	<u>908,539</u>	<u>1,318,834</u>
1,580,162	(11,459)	-	392,614
-	57,271	68,170	8,919
-	38,000	-	-
<u>1,580,162</u>	<u>83,812</u>	<u>68,170</u>	<u>401,533</u>
44,523	83,812	(840,369)	(917,301)

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

SPRINGFIELD TOWNSHIP

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2021

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,236,428	\$ 3,405,818	\$ 255,241	\$ 4,897,487
Restricted cash escrows	-	22,117	-	22,117
Restricted investments	-	33,961	-	33,961
Investments	2,192,317	4,314,946	496,027	7,003,290
Receivables				
Taxes	1,452,156	-	-	1,452,156
Accounts	371,191	135,455	-	506,646
Interest	15,491	-	-	15,491
Due from other funds	-	78,880	-	78,880
TOTAL ASSETS	<u>\$ 5,267,583</u>	<u>\$ 7,991,177</u>	<u>\$ 751,268</u>	<u>\$ 14,010,028</u>
<u>LIABILITIES</u>				
Accounts payable and accrued wages	\$ 457,007	\$ 51,729	\$ 9,736	\$ 518,472
Due to other funds	78,250	-	630	78,880
Escrows	-	22,117	-	22,117
Total Liabilities	<u>535,257</u>	<u>73,846</u>	<u>10,366</u>	<u>619,469</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue- property taxes	-	1,017,641	-	1,017,641
Unavailable revenue- property taxes	141,832	-	-	141,832
Unavailable revenue- sewer fees	87,978	-	-	87,978
Unavailable revenue - refuse fees	89,738	-	-	89,738
Total deferred inflows of resources	<u>319,548</u>	<u>1,017,641</u>	<u>-</u>	<u>1,337,189</u>
<u>FUND BALANCES</u>				
Restricted:				
Library	-	116,796	-	116,796
Highway	-	-	740,902	740,902
Capital outlay	-	22,117	-	22,117
Assigned:				
Library capital outlay	-	68,697	-	68,697
Capital outlay	-	6,692,080	-	6,692,080
Unassigned	4,412,778	-	-	4,412,778
Total Fund Balances	<u>4,412,778</u>	<u>6,899,690</u>	<u>740,902</u>	<u>12,053,370</u>
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,267,583</u>	<u>\$ 7,991,177</u>	<u>\$ 751,268</u>	<u>\$ 14,010,028</u>

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

SPRINGFIELD TOWNSHIP

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

December 31, 2021

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

Total fund balances-total governmental funds (page 21) \$ 12,053,370

Capital assets used in governmental activities are not financial resources  
and, therefore, are reported in the funds.

Cost of capital assets	64,371,585	
Accumulated depreciation	<u>(20,239,209)</u>	44,132,376

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	386,000	
Deferred inflows for taxes and revenues	<u>319,548</u>	705,548

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	3,502,115	
Deferred outflows for OPEB plan	399,265	
Deferred inflows for pensions	(5,305,973)	
Deferred inflows for OPEB plan	<u>(1,073,670)</u>	(2,478,263)

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

Notes payable	(8,085,000)	
Net pension asset	4,078,225	
Net post-retirement benefits obligation	<u>(2,770,052)</u>	<u>(6,776,827)</u>

Net position of governmental activities (page 18) \$ 47,636,204

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



SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2021

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Real estate	\$ 5,892,795	\$ -	\$ -	\$ 5,892,795
Transfer	972,757	-	-	972,757
Business and mercantile	1,206,738	-	-	1,206,738
Earned income	4,221,220	-	-	4,221,220
Local services	301,885	-	-	301,885
Fees, licenses and permits	441,605	-	-	441,605
Fines and forfeitures	51,396	-	-	51,396
Investment income and rent	141,785	66,596	10,853	219,234
Intergovernmental revenues	914,175	59,096	546,705	1,519,976
Charges for services	2,749,006	48,975	-	2,797,981
Other	736,277	-	-	736,277
Total Revenues	<u>17,629,639</u>	<u>174,667</u>	<u>557,558</u>	<u>18,361,864</u>
Expenditures				
Current:				
General government	1,494,575	-	-	1,494,575
Public safety	4,907,111	-	-	4,907,111
Sanitation and recycling	1,493,189	-	-	1,493,189
Highways and roads	1,666,942	-	486,738	2,153,680
Culture and recreation	1,408,268	-	-	1,408,268
Miscellaneous	3,471,041	-	-	3,471,041
Debt service:				
Principal	-	292,000	-	292,000
Interest	-	129,983	-	129,983
Capital projects	-	1,143,360	-	1,143,360
Total Expenditures	<u>14,441,126</u>	<u>1,565,343</u>	<u>486,738</u>	<u>16,493,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,188,513</u>	<u>(1,390,676)</u>	<u>70,820</u>	<u>1,868,657</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	24,210	-	-	24,210
Transfers in	-	1,333,191	-	1,333,191
Transfers out	<u>(1,333,191)</u>	<u>-</u>	<u>-</u>	<u>(1,333,191)</u>
Total Other Financing Sources (Uses)	<u>(1,308,981)</u>	<u>1,333,191</u>	<u>-</u>	<u>24,210</u>
Net Change in Fund Balance	1,879,532	(57,485)	70,820	1,892,867
Fund Balance - Beginning (Restated)	<u>2,533,246</u>	<u>6,957,175</u>	<u>670,082</u>	<u>10,160,503</u>
Fund Balance - Ending	<u>\$ 4,412,778</u>	<u>\$ 6,899,690</u>	<u>\$ 740,902</u>	<u>\$ 12,053,370</u>

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

SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2021

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)		\$ 1,892,867
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	1,029,391	
Depreciation expense	<u>(1,886,853)</u>	(857,462)
The effect of sales of capital assets is to decrease net assets.		(146,823)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(45,702)
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		292,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net pension liability and deferred items	1,081,651	
Net post-retirement benefits and deferred items	<u>(40,533)</u>	<u>1,041,118</u>
Change in net position of governmental activities (pages 19-20)		<u>\$ 2,175,998</u>

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

SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2021

	GENERAL FUND			
	Budgeted Amounts		Cash Basis	Variance with
	Original	Final	ACTUAL	Final Budget - Over (Under)
Revenues				
Taxes:				
Real estate	\$ 5,958,590	\$ 5,995,309	\$ 5,999,021	\$ 3,712
Transfer	588,000	1,034,290	1,035,790	1,500
Business and mercantile	1,020,000	1,086,251	1,097,162	10,911
Earned income	3,300,000	3,898,488	4,046,342	147,854
Local services	200,000	289,790	292,385	2,595
Amusement	750	-	-	-
Licenses and permits	462,500	432,080	439,195	7,115
Fines and forfeitures	68,750	40,858	49,268	8,410
Interest and rent	226,543	235,249	151,671	(83,578)
Intergovernmental revenues	708,967	1,173,264	1,177,949	4,685
Charges for services	2,188,375	2,681,052	2,809,130	128,078
Miscellaneous revenues	585,689	902,437	998,511	96,074
Total Revenues	<u>15,308,164</u>	<u>17,769,068</u>	<u>18,096,424</u>	<u>327,356</u>
Expenditures				
Current:				
General government	1,423,323	1,525,285	1,530,161	4,876
Public safety	5,013,791	4,992,308	4,982,047	(10,261)
Sanitation and recycling	1,551,428	1,542,002	1,504,780	(37,222)
Highways and roads	1,602,620	1,671,117	1,674,526	3,409
Parks and recreation	488,987	636,300	643,416	7,116
Library services	813,177	763,926	766,536	2,610
Miscellaneous	3,680,785	3,431,969	3,457,358	25,389
Total Expenditures	<u>14,574,111</u>	<u>14,562,907</u>	<u>14,558,824</u>	<u>(4,083)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>734,053</u>	<u>3,206,161</u>	<u>3,537,600</u>	<u>331,439</u>
Other Financing Sources (Uses)				
Sale of capital assets	19,000	24,210	24,210	-
Transfers in	1,315,794	-	-	-
Transfers out	(1,333,191)	(1,333,191)	(1,333,191)	-
Total Other Financing Sources (Uses)	<u>1,603</u>	<u>(1,308,981)</u>	<u>(1,308,981)</u>	<u>-</u>
Net Change in Fund Balance	735,656	1,897,180	2,228,619	331,439
Fund Balance - Beginning			2,533,246	
Fund Balance - Ending			<u>\$ 4,761,865</u>	

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

SPRINGFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2021

	<u>Pension Trust</u> <u>Funds</u>	<u>Custodial</u> <u>Fund</u> <u>Recycling</u>
<u>ASSETS</u>		
Cash	\$ 1,338,519	\$ 230,972
Contributions receivable	14,402	-
Due from other pension	3,100	-
Prepaid benefits	182,088	-
Investments		
Exchange traded funds and closed end funds	<u>47,813,985</u>	<u>-</u>
 Total Assets	 <u>\$ 49,352,094</u>	 <u>\$ 230,972</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 40,314	\$ -
Due to other pension	<u>3,100</u>	<u>-</u>
Total Liabilities	<u>43,414</u>	<u>-</u>
<u>NET POSITION</u>		
Net Position - Restricted for Pension Benefits	49,308,680	-
Net Position - Restricted for Municipalities	<u>-</u>	<u>230,972</u>
Total Net Position	<u>\$ 49,308,680</u>	<u>\$ 230,972</u>

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

SPRINGFIELD TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the year ended December 31, 2021

	<u>Pension Trust</u>	<u>Custodial</u>
	<u>Funds</u>	<u>Fund</u>
		<u>Recycling</u>
Additions		
Contributions		
Member contributions	\$ 274,430	\$ -
Employer contributions	529,830	-
State aid	479,856	-
Total Contributions	<u>1,284,116</u>	<u>-</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	5,020,670	-
Dividends & Interest	998,059	2,713
Total Investment Earnings	6,018,729	2,713
Less: investment expense	(161,319)	-
Net Investment Earnings	<u>5,857,410</u>	<u>2,713</u>
Total Additions	<u>7,141,526</u>	<u>2,713</u>
Deductions		
Benefits	1,999,693	-
Total Deductions	<u>1,999,693</u>	<u>-</u>
Change in Net Position	5,141,833	2,713
Net Position - Beginning of Year	44,166,847	228,259
Net Position - End of Year	<u>\$ 49,308,680</u>	<u>\$ 230,972</u>

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies**

**A. *Reporting entity***

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

**B. *Government-wide and fund financial statements***

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

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

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

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

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

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

The government reports the following major governmental funds:

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

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

Additionally, the government reports the following fiduciary fund types:

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

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

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

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

***D. Assets, liabilities, and net position or equity***

***1. Deposits and investments***

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

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

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

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

Investments for the government are reported at fair value.

***2. Restricted assets***

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



TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

***3. Receivables and payables***

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

At December 31, 2021, 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, 2021 are recognized as revenue for the year ending December 31, 2021.

***4. Prepaid items***

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

***5. Capital assets***

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

**5. *Capital assets (continued)***

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

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

**6. *Compensated absences***

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

**7. *Long-term obligations***

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

**8. *Net position***

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

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

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

***9. Fund balance***

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

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

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

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

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

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

***10. Deferred outflows/inflows of resources***

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

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

***11. Use of estimates***

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**I. Summary of significant accounting policies (Continued)**

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

**12. Subsequent Events**

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

**13. Restated Prior Year Balances**

The General Fund balance, and governmental activities net position, has been restated by \$104,427 to correct the balance of a payable from the prior year.

**14. Pending Pronouncements**

The Governmental Accounting Standards Board has issued statements that will become effective in future years; including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost), 91 (conduit Debt Obligations), 92 (Omnibus 2020) 93 (Interbank Offered Rates), 97 (Public-Private and Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

**II. Stewardship, compliance, and accountability**

*A. Budgetary information*

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**II. Stewardship, compliance, and accountability (Continued)**

**A. *Budgetary information (continued)***

During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance. All budget revisions require the approval of the Township Board of Commissioners. The Board authorized the use of unallocated fund balance in 2021. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

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

	<u>General Fund</u>
GAAP Basis	\$ 1,879,532
Accrued revenues prior year	2,457,207
Accrued revenues current year	(1,839,468)
Accrued liabilities prior year	(1,045,207)
Accrued liabilities current year	<u>776,555</u>
Budgetary Basis	<u>\$ 2,228,619</u>

**B. *Excess of expenditures over appropriations***

For the year ended December 31, 2021, expenditures exceeded appropriations in the following categories: general government \$4,876, highways and roads \$3,409, parks and recreation \$7,116, library services \$2,610, and miscellaneous \$25,389. These over expenditures were funded by greater than anticipated revenues.

**III. Detailed notes on all funds**

**A. *Deposits and investments***

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**III. Detailed notes on all funds (Continued)**

**A. *Deposits and investments (continued)***

At year-end, the Township's bank balance was \$5,484,748. Of that balance, \$500,000 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in money market funds, as listed in the chart below, are considered cash equivalents due to the short maturities of those investments and are included above.

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

<u>INVESTMENTS</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Governmental Funds:			
Certificates of Deposit	\$ 102,658	\$ 102,658	\$ -
U.S. Treasury Bonds and Notes	6,615,044	584,394	6,030,650
U.S. Government Agencies	319,549	-	319,549
Total Governmental Funds	<u>\$ 7,037,251</u>	<u>\$ 687,052</u>	<u>\$ 6,350,199</u>
Fiduciary Funds:			
Mutual Funds	\$ 110,974	\$ -	\$ -
Exchange Traded (ETF's)	47,703,011	-	-
Total Fiduciary Funds	<u>\$ 47,813,985</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**III. Detailed notes on all funds (Continued)**

**A. *Deposits and investments (continued)***

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

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were seven investments, totaling \$3,036,100 that exceeded greater than 5% in any one single issuer that would be considered a concentration of credit risk for December 31, 2021.

**B. *Receivables***

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

Receivables:	<u>General</u>	<u>Capital Reserve</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Taxes	\$ 1,452,156	\$ -	\$ -	\$ 1,452,156
Other	371,191	135,455	3,100	509,746
Interest	15,491	-	-	15,491
Contributions	-	-	14,402	14,402
Total Receivables	<u>\$ 1,838,838</u>	<u>\$ 135,455</u>	<u>\$ 17,502</u>	<u>\$ 1,991,795</u>

**C. *Interfund receivables, payables, and transfers***

As of December 31, 2021, interfund balances and transfers are primarily a result of saving for capital projects and reimbursement of expenses as follows:

	<u>Due to</u>	<u>Due from</u>
General	\$ 78,250	\$ -
Capital reserve	-	78,880
Nonmajor fund	630	-
Total	<u>\$ 78,880</u>	<u>\$ 78,880</u>

  

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 1,333,191	\$ -
Capital reserve	-	1,333,191
Total	<u>\$ 1,333,191</u>	<u>\$ 1,333,191</u>



TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**III. Detailed notes on all funds (Continued)**

***D. Capital assets***

Capital asset activity for the year ended December 31, 2021 was as follows:

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land	\$ 4,446,627	\$ -	\$ -	\$ 4,446,627
Construction in progress	<u>757,239</u>	<u>280,509</u>	<u>(188,618)</u>	<u>849,130</u>
Total Capital Assets, not being depreciated	<u>5,203,866</u>	<u>280,509</u>	<u>(188,618)</u>	<u>5,295,757</u>
Capital Assets, being depreciated:				
Land improvements	5,015,522	21,394	(15,000)	5,021,916
Buildings and improvements	30,853,127	51,226	-	30,904,353
Machinery and equipment	1,640,235	39,537	-	1,679,772
Vehicles	3,615,167	184,418	(101,697)	3,697,888
Library collection	2,951,091	82,199	(2,000)	3,031,290
Infrastructure	<u>14,398,100</u>	<u>558,726</u>	<u>(216,217)</u>	<u>14,740,609</u>
Total Capital Assets being depreciated	<u>58,473,242</u>	<u>937,500</u>	<u>(334,914)</u>	<u>59,075,828</u>
Less Accumulated Depreciation for:				
Land improvements	2,102,905	251,068	(15,000)	2,338,973
Buildings and improvements	3,782,912	749,109	-	4,532,021
Machinery and equipment	1,432,974	70,250	-	1,503,224
Vehicles	2,484,750	225,294	(82,827)	2,627,217
Library collection	2,588,060	78,141	(2,000)	2,664,201
Infrastructure	<u>6,148,846</u>	<u>512,991</u>	<u>(88,264)</u>	<u>6,573,573</u>
Total Accumulated Depreciation	<u>18,540,447</u>	<u>1,886,853</u>	<u>(188,091)</u>	<u>20,239,209</u>
Total Capital Assets, being depreciated, net	<u>39,932,795</u>	<u>(949,353)</u>	<u>(146,823)</u>	<u>38,836,619</u>
Governmental Activities Capital Assets, net	<u>\$ 45,136,661</u>	<u>\$ (668,844)</u>	<u>\$ (335,441)</u>	<u>\$ 44,132,376</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**III. Detailed notes on all funds (Continued)**

***D. Capital assets (continued)***

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

Governmental Activities:	
Administrative	\$ 226,052
Police and Emergency Services	96,789
Public Works	1,160,828
Sanitation and Recycling	33,180
Library	233,863
Park and Recreation	<u>136,141</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,886,853</u>

***E. Long-term debt***

General Obligation Notes

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

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	1.55%	<u>\$ 8,085,000</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning			Ending	Due within
<b>Governmental activities:</b>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>one year</u>
Notes payable	\$ 8,377,000	\$ -	\$ (292,000)	\$ 8,085,000	\$ 485,000
Net pension liability	279,869	707,536	(507,552)	479,853	-
Net post-retirement obligation	<u>2,844,572</u>	<u>276,189</u>	<u>(350,709)</u>	<u>2,770,052</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 11,501,441</u>	<u>\$ 983,725</u>	<u>\$ (1,150,261)</u>	<u>\$ 11,334,905</u>	<u>\$ 485,000</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**III. Detailed notes on all funds (Continued)**

***E. Long-term debt (continued)***

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

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2022	\$ 485,000	\$ 125,326
2023	492,000	117,808
2024	499,000	110,181
2025	511,000	102,446
2026	518,000	94,525
2027-2031	2,687,000	350,261
2032-2036	2,893,000	135,804
	<u>\$ 8,085,000</u>	<u>\$ 1,036,351</u>

**IV. Other information**

***A. Risk management***

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

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

The Township paid \$162,722 in insurance premium expense to the Delaware Valley Property & Liability Trust pool for coverage year 2021. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$23,775. Springfield paid \$5,212 in deductibles during coverage year 2021.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

**A. *Risk management (continued)***

The Township paid \$206,956 in insurance premium expense to the Delaware Valley Workers' Compensation Trust for coverage year 2021. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Springfield's share was \$46,083. The Township paid \$3,033 as a result of the payroll audit of the 2020 coverage year. An audit of the reported 2021 payroll will be performed during the first quarter of 2022.

The Township paid \$1,613,049 in insurance premium expense to the Delaware Valley Health Trust for coverage year 2021. There were no refunds or dividends distributed.

**B. *Contingent liabilities***

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

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

**C. *Defined benefit pension plan***

Plan Description and Membership

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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, 2021, Springfield Township Pension Plans consisted of the following:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Inactive Members or Beneficiaries Currently Receiving Benefits (1)	35	22	9
Inactive Members Entitled to but not yet Receiving Benefits	-	3	3
Active Members	<u>26</u>	<u>11</u>	<u>24</u>
	<u>61</u>	<u>36</u>	<u>36</u>

(1) includes 2 DROP members in Police Pension Plan

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

**Benefits Provided**

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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 1/25<sup>th</sup> 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 1/25<sup>th</sup> for each year of service less than 25, and increased by 1/75<sup>th</sup> for each year of service completed in excess of 25 years. A retired participant's benefit who has been receiving benefits for at least one year shall be increased for cost-of-living, in accordance with the Philadelphia Area Consumer Price Index, measured for the prior calendar year. The maximum increase cannot exceed 130% of the original benefit. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

**Measurement Focus and Basis of Accounting**

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

***C. Defined benefit pension plan (continued)***

Measurement Focus and Basis of Accounting (continued)

*Basis of Accounting (continued):*

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

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

Contributions

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

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

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

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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 \$479,856 for the pensions for the year ended December 31, 2021.

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, 2021, the annual money-weighted rate of return on Plan investments, net of pension investment expense was 13.04% for the Police, 13.05% for the Salaried Employees Pension Plan, and 13.00% 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, 2021 were as follows:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Total pension liability	\$ 23,255,726	\$ 12,534,916	\$ 9,299,855
Plan fiduciary net position	<u>(25,981,984)</u>	<u>(14,366,736)</u>	<u>(8,820,002)</u>
Net pension liability (asset)	<u>\$ (2,726,258)</u>	<u>\$ (1,831,820)</u>	<u>\$ 479,853</u>
Plan fiduciary net position as a percentage of the total pension liability	112%	115%	95%



TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

***C. Defined benefit pension plan (continued)***

Net Pension Liability (continued)

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

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

(1) Pursuant to Act 600

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

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

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018. See the 10-year trend tables for changes in benefit terms and assumptions.

The net pension liabilities for all three plans were measured as of December 31, 2021 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2021. There were no significant changes in benefit terms or assumptions since the last valuation.

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

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

**C. *Defined benefit pension plan (continued)***

Net Pension Liability (continued)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2020	\$ 20,559,336	\$ 23,587,670	\$ (3,028,334)
Changes for the year:			
Service cost	441,068	-	441,068
Interest	1,377,152	-	1,377,152
Change of benefit terms	-	-	-
Differences between expected and actual experience	1,207,565	-	1,207,565
Change of assumptions	866,917	-	866,917
Contributions - employer	-	323,832	(323,832)
Contributions - employee	-	156,197	(156,197)
Net investment income	-	3,110,597	(3,110,597)
Benefit payments, including refunds of employee contributions	(1,196,312)	(1,196,312)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	2,696,390	2,394,314	302,076
Balance at December 31, 2021	\$ 23,255,726	\$ 25,981,984	\$ (2,726,258)

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

**C. *Defined benefit pension plan (continued)***

**Net Pension Liability (continued)**

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability (Asset)</u>
<b><u>Salaried Pension Plan</u></b>			
Balance at December 31, 2020	\$ 11,146,003	\$ 12,904,538	\$ (1,758,535)
Changes for the year:			
Service cost	131,364	-	131,364
Interest	739,581	-	739,581
Change of benefit terms	-	-	-
Differences between expected and actual experience	35,556	-	35,556
Change of assumptions	1,123,638	-	1,123,638
Contributions - employer	-	340,798	(340,798)
Contributions - employee	-	39,252	(39,252)
Net investment income	-	1,723,374	(1,723,374)
Benefit payments, including refunds of employee contributions	(641,226)	(641,226)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>1,388,913</u>	<u>1,462,198</u>	<u>(73,285)</u>
Balance at December 31, 2021	<u>\$ 12,534,916</u>	<u>\$ 14,366,736</u>	<u>\$ (1,831,820)</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Hourly Pension Plan</u></b>			
Balance at December 31, 2020	\$ 7,890,934	\$ 7,611,065	\$ 279,869
Changes for the year:			
Service cost	168,892	-	168,892
Interest	538,644	-	538,644
Change of benefit terms	-	-	-
Differences between expected and actual experience	80,951	-	80,951
Change of assumptions	780,264	-	780,264
Contributions - employer	-	299,455	(299,455)
Contributions - employee	-	57,391	(57,391)
Net investment income	-	1,011,921	(1,011,921)
Benefit payments, including refunds of employee contributions	(159,830)	(159,830)	-
Other changes	-	-	-
Net Changes	<u>1,408,921</u>	<u>1,208,937</u>	<u>199,984</u>
Balance at December 31, 2021	<u>\$ 9,299,855</u>	<u>\$ 8,820,002</u>	<u>\$ 479,853</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

**C. *Defined benefit pension plan (continued)***

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

	1% Decrease <u>(5.25%)</u>	Current Discount <u>Rate (6.25%)</u>	1% Increase <u>(7.25%)</u>
Net pension liability			
Police	\$ 242,682	\$ (2,726,258)	\$ (5,169,292)
Salaried	(433,537)	(1,831,820)	(3,024,097)
Hourly	2,006,526	479,853	(767,398)

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2021, the Township recognized pension expense of (\$226,828) for the Police Pension Plan, \$116,893 for the Salaried Employees Pension Plan, and (\$3,806) for the Hourly Employees Pension Plan. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 1,055,674	\$ 36,448
Changes in assumptions	710,831	-
Net difference between projected and actual earnings on pension plan investments	-	2,770,465
Total	<u>\$ 1,766,505</u>	<u>\$ 2,806,913</u>
<u>Salaried Employees Pension</u>		
Differences between expected and actual experience	\$ 55,429	\$ -
Changes in assumptions	561,819	-
Net difference between projected and actual earnings on pension plan investments	-	1,493,466
Total	<u>\$ 617,248</u>	<u>\$ 1,493,466</u>
<u>Hourly Employees Pension</u>		
Differences between expected and actual experience	\$ 186,278	\$ 126,010
Changes in assumptions	932,084	-
Net difference between projected and actual earnings on pension plan investments	-	879,584
Total	<u>\$ 1,118,362</u>	<u>\$ 1,005,594</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

*Payable to the Pension Plans:* For the year ended December 31, 2021, there was \$14,402 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, 2021, the DROP account balances of \$110,974 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, 2021, 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 2021 totaled \$74,381. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Springfield Township Board of Commissioners.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

***D. Defined contribution pension plan (continued)***

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

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

***E. Post-retirement benefits***

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

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

Membership of the Plan consisted of the following at December 31, 2021 (the date of the latest actuarial valuation):

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

Inflation	2.80%
Salary Increases	0%-4.25% (including inflation)
Investment Rate of Return	Not applicable
Healthcare Cost Trend Rates	Health care trend rates start at an initial rate of 7.5%, decreasing to an ultimate rate of 4.5% for medical and 4.00% for dental.

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

***E. Post-retirement benefits (continued)***

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

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

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

*Change in Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>OPEB Plan</u></b>			
Balance at December 31, 2020	\$ 2,844,572	\$ -	\$ 2,844,572
Changes for the year:			
Service cost	212,710	-	212,710
Interest	63,479	-	63,479
Change of benefit terms	-	-	-
Differences between expected and actual experience	(198,137)	-	(198,137)
Change of assumptions	(25,916)	-	(25,916)
Contributions - employer	-	126,656	(126,656)
Benefit payments, including refunds of employee contributions	(126,656)	(126,656)	-
Net Changes	(74,520)	-	(74,520)
Balance at December 31, 2021	\$ 2,770,052	\$ -	\$ 2,770,052

**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% Decrease <u>(1.25%)</u>	Current Discount Rate <u>(2.25%)</u>	1% Increase <u>(3.25%)</u>
Net OPEB liability	\$ 2,973,323	\$ 2,770,052	\$ 2,576,264



TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**IV. Other information (Continued)**

***E. Post-retirement benefits (continued)***

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

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ 2,429,449	\$ 2,770,052	\$ 3,178,620

**OPEB Expense, and Deferred Outflows and Inflows of Resources**

For December 31, 2021, the Township reported the following deferred outflows and inflows of resources related to OPEB. The actuarial determined expense for the OPEB Plan was \$167,189.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>OPEB Plan</u></b>		
Differences between expected and actual experience	\$ -	\$ 881,368
Changes in assumptions	399,265	192,302
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 399,265</u>	<u>\$ 1,073,670</u>

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

Year Ended <u>December 31:</u>	Governmental- Activities <u>OPEB</u>
2021	\$ (109,000)
2022	(109,000)
2023	(109,000)
2024	(109,000)
2025	(109,000)
Thereafter	<u>(129,405)</u>
Total	<u>\$ (674,405)</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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, 2021, the Recycling Fund balance held by Springfield Township for capital repairs at the recycling center was \$230,972. Springfield Township's share of the funds amounted to \$138,647.

***G. Country Club lease agreement***

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, 2021. 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 \$125,000. 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.

***G. Subsequent event***

The Township condemned approximately 8-acres of ground in 2015, which had belonged to Tank Car Corporation of America. The Township paid Tank Car \$150,000 in just compensation for the land. Tank Car filed a court challenge as to the adequacy of the amount and in February 2021, a 3-day bench trial was held. The Court determined that the Township owed Tank Car an additional \$517,000 plus \$4,000 in costs. Tank Car appealed which resulted in the Township also filing an appeal. Tank Car contends that it is really owed an addition \$2,000,000 and the Township contends that the Trial Court should have only awarded Tank Car an additional \$383,600 plus \$4,000 in costs.

**REQUIRED SUPPLEMENTAL INFORMATION**

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>								
Service cost	\$ 441,068	\$ 319,677	\$ 336,071	\$ 286,145	\$ 287,397	\$ 219,979	\$ 259,046	\$ 234,282
Interest	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	1,207,565	(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	<u>(1,196,312)</u>	<u>(1,334,470)</u>	<u>(1,007,646)</u>	<u>(1,496,685)</u>	<u>(746,352)</u>	<u>(905,117)</u>	<u>(602,563)</u>	<u>(558,696)</u>
Net change in total pension liability	2,696,390	257,566	859,575	928,509	652,523	485,670	(4,536)	830,872
Total pension liability - beginning	<u>20,559,336</u>	<u>20,301,770</u>	<u>19,442,195</u>	<u>18,513,686</u>	<u>17,861,163</u>	<u>17,375,493</u>	<u>17,380,029</u>	<u>16,549,157</u>
Total pension liability - ending (a)	<u>\$ 23,255,726</u>	<u>\$ 20,559,336</u>	<u>\$ 20,301,770</u>	<u>\$ 19,442,195</u>	<u>\$ 18,513,686</u>	<u>\$ 17,861,163</u>	<u>\$ 17,375,493</u>	<u>\$ 17,380,029</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 323,832	\$ 286,645	\$ 719,513	\$ 701,914	\$ 653,820	\$ 738,866	\$ 727,203	\$ 709,336
Contributions - employee	156,197	152,165	137,413	129,715	122,217	118,597	188,402	126,901
Net investment income	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	(1,196,312)	(1,334,470)	(1,007,646)	(1,496,685)	(746,352)	(905,117)	(602,563)	(558,696)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(144,752)</u>	<u>2,292</u>
Net change in plan fiduciary net position	2,394,314	2,221,348	3,555,825	(1,769,684)	2,765,818	1,160,057	25,939	978,373
<b>Plan fiduciary net position - beginning</b>	<u>23,587,670</u>	<u>21,366,322</u>	<u>17,810,497</u>	<u>19,580,181</u>	<u>16,814,363</u>	<u>15,654,306</u>	<u>15,628,367</u>	<u>14,649,994</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 25,981,984</u>	<u>\$ 23,587,670</u>	<u>\$ 21,366,322</u>	<u>\$ 17,810,497</u>	<u>\$ 19,580,181</u>	<u>\$ 16,814,363</u>	<u>\$ 15,654,306</u>	<u>\$ 15,628,367</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ (2,726,258)</u>	<u>\$ (3,028,334)</u>	<u>\$ (1,064,552)</u>	<u>\$ 1,631,698</u>	<u>\$ (1,066,495)</u>	<u>\$ 1,046,800</u>	<u>\$ 1,721,187</u>	<u>\$ 1,751,662</u>
Plan fiduciary net position as a percentage of the total pension liability	111.7%	114.7%	105.2%	91.6%	105.8%	94.1%	90.1%	89.9%
Covered payroll	\$ 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	-86.5%	-97.6%	-39.6%	63.7%	-43.2%	45.4%	72.4%	73.5%
Annual money-weighted return, net of investment expenses	13.04%	14.93%	21.23%	-6.45%	16.59%	8.23%	-0.92%	5.02%

**Notes to Schedule:**

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

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

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

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

**Notes to Schedule:**

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

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

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

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

**Notes to Schedule:**

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

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

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

**SCHEDULE OF CONTRIBUTIONS**

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2012	\$ 520,269	\$ 520,269	\$ -	\$ 2,347,505	(1) 22.16%
2013	513,892	513,892	-	2,184,023	(1) 23.53%
2014	709,336	709,336	-	2,384,651	29.75%
2015	727,203	727,203	-	2,378,900	30.57%
2016	706,591	738,866	(32,275)	2,308,146	32.01%
2017	653,820	653,820	-	2,466,015	26.51%
2018	694,260	701,914	(7,654)	2,563,485	27.38%
2019	709,872	719,513	(9,641)	2,563,485	28.07%
2020	286,645	286,645	-	3,102,125	9.24%
2021	323,832	323,832	-	3,152,582	10.27%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

**SCHEDULE OF CONTRIBUTIONS**

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2012	\$ 344,599	\$ 344,599	\$ -	\$ 1,440,757	(1) 23.92%
2013	339,414	339,414	-	1,507,556	(1) 22.51%
2014	498,189	498,189	-	1,331,338	37.42%
2015	497,069	497,069	-	1,384,592	35.90%
2016	493,542	508,747	(15,205)	1,380,244	36.86%
2017	517,252	517,252	-	1,435,454	36.03%
2018	529,123	533,554	(4,431)	1,424,688	37.45%
2019	532,387	532,387	-	1,139,203	46.73%
2020	346,054	346,054	-	911,515	37.96%
2021	335,874	340,798	(4,924)	831,247	41.00%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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



TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

**SCHEDULE OF CONTRIBUTIONS**

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2012	\$ 95,501	\$ 95,501	\$ -	\$ 1,331,222	(1) 7.17%
2013	92,248	92,248	-	1,304,391	(1) 7.07%
2014	119,609	119,609	-	1,331,338	8.98%
2015	123,667	123,667	-	1,513,417	8.17%
2016	124,945	132,802	(7,857)	1,533,488	8.66%
2017	197,015	197,015	-	1,594,828	12.35%
2018	239,010	239,010	-	1,680,652	14.22%
2019	242,450	242,450	-	1,770,153	13.70%
2020	301,836	301,836	-	1,851,330	16.30%
2021	299,455	299,455	-	2,020,117	14.82%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for OPEB Plan

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

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

**Notes to Schedule:**

Change in assumptions: Discount rate increased from 2.12% to 2.25% in 2021

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

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

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2021

	Police Pension	Salaried Pension			Hourly Pension	Total Pension Trust Funds
		Defined Benefit	Defined Contribution	Total		
<u>ASSETS</u>						
Cash	\$ 679,870	\$ 360,380	\$ 5,342	\$ 365,722	\$ 292,927	\$ 1,338,519
Contributions receivable	5,907	2,766	3,440	6,206	2,289	14,402
Due from other pension	-	3,100	-	3,100	-	3,100
Prepaid benefits	103,612	61,814	-	61,814	16,662	182,088
Investments						
Exchange traded funds and mutual funds	<u>25,192,595</u>	<u>13,940,408</u>	<u>143,792</u>	<u>14,084,200</u>	<u>8,537,190</u>	<u>47,813,985</u>
Total Assets	<u>\$ 25,981,984</u>	<u>\$ 14,368,468</u>	<u>\$ 152,574</u>	<u>\$ 14,521,042</u>	<u>\$ 8,849,068</u>	<u>\$ 49,352,094</u>
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 40,314	\$ 40,314
Due to other pension	-	-	3,100	3,100	-	3,100
Total Liabilities	-	-	3,100	3,100	40,314	43,414
<u>NET POSITION</u>						
Net Position - Restricted for:						
Pension Benefits	<u>\$ 25,981,984</u>	<u>\$ 14,368,468</u>	<u>\$ 149,474</u>	<u>\$ 14,517,942</u>	<u>\$ 8,808,754</u>	<u>\$ 49,308,680</u>
Total Net Position	<u>\$ 25,981,984</u>	<u>\$ 14,368,468</u>	<u>\$ 149,474</u>	<u>\$ 14,517,942</u>	<u>\$ 8,808,754</u>	<u>\$ 49,308,680</u>

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2021

	Police	Salaried Pension			Hourly	Total Pension
	Pension	Defined	Defined	Total	Pension	Trust Funds
	Pension	Benefit	Contribution	Total	Pension	Trust Funds
Additions						
Contributions						
Member contributions	\$ 156,197	\$ 32,062	\$ 28,780	\$ 60,842	\$ 57,391	\$ 274,430
Employer contributions	167,621	173,854	33,352	207,206	155,003	529,830
State aid	156,211	166,944	12,249	179,193	144,452	479,856
Total Contributions	<u>480,029</u>	<u>372,860</u>	<u>74,381</u>	<u>447,241</u>	<u>356,846</u>	<u>1,284,116</u>
Investment Earnings						
Net appreciation (depreciation) in						
fair value of investments	2,668,303	1,478,853	9,182	1,488,035	864,332	5,020,670
Dividends & Interest	528,058	291,546	2,659	294,205	175,796	998,059
Total Investment Earnings	3,196,361	1,770,399	11,841	1,782,240	1,040,128	6,018,729
Less: investment expense	(85,764)	(47,023)	(322)	(47,345)	(28,210)	(161,319)
Net Investment Earnings	<u>3,110,597</u>	<u>1,723,376</u>	<u>11,519</u>	<u>1,734,895</u>	<u>1,011,918</u>	<u>5,857,410</u>
Total Additions	<u>3,590,626</u>	<u>2,096,236</u>	<u>85,900</u>	<u>2,182,136</u>	<u>1,368,764</u>	<u>7,141,526</u>
Deductions						
Benefits	1,196,312	632,305	-	632,305	171,076	1,999,693
Total Deductions	<u>1,196,312</u>	<u>632,305</u>	<u>-</u>	<u>632,305</u>	<u>171,076</u>	<u>1,999,693</u>
Change in Net Position	2,394,314	1,463,931	85,900	1,549,831	1,197,688	5,141,833
Net Position - Beginning of Year	23,587,670	12,904,537	63,574	12,968,111	7,611,066	44,166,847
Net Position - End of Year	<u>\$ 25,981,984</u>	<u>\$ 14,368,468</u>	<u>\$ 149,474</u>	<u>\$ 14,517,942</u>	<u>\$ 8,808,754</u>	<u>\$ 49,308,680</u>