



TOWNSHIP OF SPRING

**FINANCIAL STATEMENTS,
SUPPLEMENTARY AND OTHER INFORMATION**

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Supervisors
Township of Spring
Sinking Spring, Pennsylvania**

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Spring as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Spring as of December 31, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Spring, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 of Spring'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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 of Spring'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 of Spring'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Spring's basic financial statements. The combining modified cash basis - nonmajor governmental funds financial statements and combining modified cash basis - fiduciary funds financial 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 modified cash basis - nonmajor governmental funds financial statements and combining modified cash basis - fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules, the pension plans' schedules of funding progress and employer contributions, and the other postemployment benefits plan schedule of funding progress and changes in total OPEB liability and related ratios but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Herbein + Company, Inc.

Reading, Pennsylvania
August 29, 2023

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Our discussion and analysis of the Township of Spring's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2022, within the limitations of the Township's modified cash basis of accounting. Please read it in conjunction with the Township's financial statements that begin on Page 15.

Financial Highlights

- The Township's net position increased by \$4,840,989 for the year ended December 31, 2022, compared to an increase of \$2,464,445 for the year ended December 31, 2021.
- The Township's General Fund ended 2022 with a modified cash basis fund balance of \$9,885,425, which represents 58% of revenues of the Fund and compares to \$7,439,689 and 45% for 2021. The Township maintains a fund balance in order to provide adequate financial resources to pay for services to the citizens of the Township during periods when tax and other revenue collections are not sufficient to fund daily operating costs. This generally occurs in the first few months of each year. This enables the Township to avoid having to borrow money to cover operating expenses prior to the receipt of tax revenues that are assessed March 1 of each year.
- The other funds presented as major funds for 2022 include the Fire Protection Fund, Refuse Fund, and Capital Fund which had fund balances of \$751,691, \$144,710, and \$5,158,447, respectively.
- The Township's Fire Protection Fund and Capital Fund were considered major funds in 2021 as well.
- The Sewer Fund has a modified cash basis net position of \$11,364,948 and \$9,300,544 at December 31, 2022 and 2021, respectively, which will be utilized by the Township for future sanitary sewer system operations and capital improvement projects throughout the Township. The Sewer Fund transferred \$1,391,098 and \$1,360,410 during 2022 and 2021, respectively, to governmental funds for debt service payments and reimbursement of operating expenditures.
- The Township's outstanding balance on long-term debt at December 31, 2022 decreased by approximately \$705,000 from the outstanding balance at December 31, 2021.

Using This Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's modified cash basis of accounting.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Using This Annual Report - continued

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements - The statement of net position - modified cash basis and the statement of activities - modified cash basis (on Pages 15 and 16) provide information about the activities of the Township government-wide (or "as a whole"). The statement of activities reports revenues and expenditures utilizing the modified cash basis of accounting as described in Note 1D to the financial statements.

Fund Financial Statements - Fund financial statements (starting on Page 17) focus on the individual parts of the Township's government. 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 (major) funds. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. For proprietary activities, these statements offer information about the activities the Township operates like a business, such as the sewer services.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on Pages 22 and 23 of the financial statements.

Notes to the Financial Statements - The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information - The management's discussion and analysis on Pages 4 to 14, supplementary information on Pages 49 to 52, and other information on Pages 53 to 59, represent information that provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The Township has elected to present its financial statements on a modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded. Under the modified cash basis of accounting, only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. The change in fair value of investments held in pension funds is also recorded.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Using This Annual Report - continued

Basis of Accounting - continued

As a result of the use of the modified cash basis of accounting, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The Township's Reporting Entity Presentation

This annual report includes all activities for which the Township is responsible. Certain Township accounts have been reclassified in the current year to more clearly report Township activities. The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. The governing body is an elected five-member Board of Supervisors. The Township is managed by a Township Manager appointed by the Board of Supervisors. The Township operates the general government activities of the community, including police and fire protection, street and road maintenance, parks and other culture and recreation, health and welfare, and various administrative functions.

The Government-Wide Statement of Net Position and the Statement of Activities

The government-wide financial statements are presented on Pages 15 and 16. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse as a result of the year's activities?" The statement of net position - modified cash basis and the statement of activities - modified cash basis report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include only the Township's assets, liabilities, and activities resulting from the use of the modified cash basis of accounting, as previously described.

These two statements report the Township's net position and changes in them. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to also consider nonfinancial factors to assess the overall health of the Township, i.e., changes in the Township's tax base, the condition of the Township's roads, etc. In addition, the limitations of the modified cash basis of accounting should be considered when analyzing the overall financial health of the Township.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Reporting the Township as a Whole - continued

The Government-Wide Statement of Net Position and the Statement of Activities - continued

In the statement of net position - modified cash basis and the statement of activities - modified cash basis, we divide the Township into two types of activities:

Governmental Activities - Most of the Township's basic services are reported here, including general government services, public safety, public works, and culture and recreation. Charges related to these services finance a portion of these activities and the balance with general revenues of the Township, including real estate taxes, income taxes, and grants.

Business-Type Activities - The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer system operation is reported here.

Reporting the Township's Most Significant Funds

The Fund Financial Statements

The fund financial statements begin on Page 17 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 or by bond covenants. However, the Township establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Township's three kinds of funds; governmental, proprietary, and fiduciary, under the modified cash basis of accounting, use the same accounting approach.

Governmental Funds - Most of the Township's basic services are reported in governmental funds that focus on how money flows in and out of those funds and the balances remaining at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as cash disbursements and not as changes to asset and debt balances. 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 you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary Funds - When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Fiduciary Funds - Fiduciary funds are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements, and similar arrangements.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

A Financial Analysis of the Township as a Whole

The Township is presenting its financial statements as required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as applicable to the Township's modified cash basis of accounting. The statement of net position and the statement of activities report information about the Township as a whole, and about its activities, to measure the results of the year's activities.

Government-Wide Financial Statements

The Township's net position at December 31, 2022 and 2021 is presented below:

Table A-1
Summary of Statement of Net Position - Modified Cash Basis

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Cash and investments	\$ 19,591,546	\$ 16,813,922	\$11,365,594	\$ 9,301,190	\$ 30,957,140	\$ 26,115,112
Restricted escrow deposits	669,701	56,412	-	-	669,701	56,412
Internal balances	646	646	(646)	(646)	-	-
Other current assets	50,023	51,062	-	-	50,023	51,062
Total Assets	20,311,916	16,922,042	11,364,948	9,300,544	31,676,864	26,222,586
Funds held in escrow	669,701	56,412	-	-	669,701	56,412
Total Liabilities	669,701	56,412	-	-	669,701	56,412
Net position:						
Restricted	7,502,542	5,959,704	-	-	7,502,542	5,959,704
Unrestricted	12,139,673	10,905,926	11,364,948	9,300,544	23,504,621	20,206,470
Total Net Position	\$ 19,642,215	\$ 16,865,630	\$11,364,948	\$ 9,300,544	\$ 31,007,163	\$ 26,166,174

Net position of the Township's governmental activities increased 16.5% during 2022 to \$19,642,215. This compares to an increase of 11.2% during 2021. Net position is shown as restricted if it can only be used for specific purposes. Net position of \$7,502,542 and \$5,959,704 at December 31, 2022 and 2021, respectively, is restricted and the remaining net position is unrestricted.

The net position of the Township's business-type activities increased by 22.2% during 2022 to \$11,364,948. This compares to an increase of 8.9% during 2021. The net position of the Township's business-type activities is unrestricted.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

A Financial Analysis of the Township as a Whole - continued

Government-Wide Financial Statements - continued

The Township's change in net position (resulting from modified cash transactions) for the years ended December 31, 2022 and 2021 is presented below:

Table A-2
Summary of Statement of Activities - Modified Cash Basis

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 4,138,301	\$ 3,947,070	\$ 8,194,267	\$ 7,672,262	\$ 12,332,568	\$11,619,332
Operating grants and contributions	1,995,792	1,632,710	29,992	33,581	2,025,784	1,666,291
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Real estate taxes	7,322,440	7,322,185	-	-	7,322,440	7,322,185
Earned income taxes	5,000,866	4,443,284	-	-	5,000,866	4,443,284
Real estate transfer and other taxes	3,096,177	3,297,120	-	-	3,096,177	3,297,120
Grants not restricted for specific programs	1,456,676	1,447,523	-	-	1,456,676	1,447,523
Interest income	90,934	26,600	47,029	13,499	137,963	40,099
Miscellaneous income	12,500	-	33,573	50,452	46,073	50,452
Transfers	<u>1,391,098</u>	<u>1,360,410</u>	<u>(1,391,098)</u>	<u>(1,360,410)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>24,504,784</u>	<u>23,476,902</u>	<u>6,913,763</u>	<u>6,409,384</u>	<u>31,418,547</u>	<u>29,886,286</u>

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

A Financial Analysis of the Township as a Whole - continued

Government-Wide Financial Statements - continued

Table A-2
Summary of Statement of Activities - Modified Cash Basis - continued

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Expenditures						
General government	\$ 1,754,918	\$ 1,637,934	\$ -	\$ -	\$ 1,754,918	\$ 1,637,934
Public safety	10,668,229	10,274,035	-	-	10,668,229	10,274,035
Public works - sanitation	1,906,985	1,822,343	-	-	1,906,985	1,822,343
Public works - highways and streets	4,692,230	5,051,225	-	-	4,692,230	5,051,225
Culture and recreation	1,257,974	1,335,493	-	-	1,257,974	1,335,493
Community development	8,000	8,550	-	-	8,000	8,550
Debt service	1,289,542	1,432,442	-	-	1,289,542	1,432,442
Employer paid benefits, insurance, other	150,321	210,637	-	-	150,321	210,637
Sewer	-	-	4,849,359	5,649,182	4,849,359	5,649,182
Total Expenditures	<u>21,728,199</u>	<u>21,772,659</u>	<u>4,849,359</u>	<u>5,649,182</u>	<u>26,577,558</u>	<u>27,421,841</u>
Increase in Net Position	2,776,585	1,704,243	2,064,404	760,202	4,840,989	2,464,445
Net Position at Beginning of Year	<u>16,865,630</u>	<u>15,161,387</u>	<u>9,300,544</u>	<u>8,540,342</u>	<u>26,166,174</u>	<u>23,701,729</u>
Net Position at End of Year	<u>\$19,642,215</u>	<u>\$16,865,630</u>	<u>\$11,364,948</u>	<u>\$ 9,300,544</u>	<u>\$31,007,163</u>	<u>\$26,166,174</u>

The Township's combined net position, resulting from modified cash basis transactions, increased \$4,840,989 and \$2,464,445 during 2022 and 2021, respectively (see Table A-2). Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had an increase of \$2,776,585 and business-type activities had an increase of \$2,064,404 during 2022.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

A Financial Analysis of the Township as a Whole - continued

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is provided. Of particular interest is the format that is significantly different from a typical statement of activities. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is net revenue (expenditures) by program. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenues, even if restricted for a specific purpose.

For the years ended December 31, 2022 and 2021, total revenues for governmental activities, resulting from modified cash basis transactions, amounted to \$24,504,784 and \$23,476,902, respectively. The 2022 amount includes transfers in of \$1,391,098. The 2021 amount includes transfers in of \$1,360,410.

For the years ended December 31, 2022 and 2021, total expenditures for governmental activities, resulting from modified cash basis transactions, amounted to \$21,728,199 and \$21,772,659, respectively. Of these total disbursements for the years ended December 31, 2022 and 2021, respectively, taxpayers and other general revenues and transfers funded \$18,358,191 and \$17,897,122, respectively, while those directly benefiting from the program funded \$4,150,801 and \$3,947,070, respectively, from charges for services, and \$1,995,792 and \$1,632,710, respectively, from grants and other contributions.

Business-Type Activities

In reviewing the business-type activities' net revenues/expenditures resulting from modified cash basis transactions for the years ended December 31, 2022 and 2021, there are certain activities that need to be examined more closely. While the sewer system activities reported revenues (net of interfund transfers) of \$6,913,763 and \$6,409,384, respectively, the sewer system reported expenditures of \$4,849,359 and \$5,649,182, respectively. The sewer system had an operating income of \$3,455,502 and \$2,120,612 for the years ended December 31, 2022 and 2021, respectively.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

A Financial Analysis of the Township's Funds

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- For the year ended December 31, 2022, the General Fund reported revenues of \$17,991,150 (including sale of capital assets of \$12,500 and transfers in of \$925,000) and expenditures of \$15,545,414 (including transfers out of \$1,063,676), resulting in a increase in fund balance of \$2,445,736. This compares to a decrease in the General Fund balance of \$242,941 for the year ended December 31, 2021.
 - The real estate tax millage for general purposes was 3.00 for 2022 and 2021.
- The Fire Protection Fund had an excess of revenues and net transfers over expenditures in the amount of \$50,698 for the year ended December 31, 2022.
- The Refuse Fund had a deficiency of revenues and net transfers over expenditures in the amount of (\$79,964) for the year ended December 31, 2022.
- The Capital Fund had an excess of revenues and net transfers over expenditures in the amount of \$244,687 for the year ended December 31, 2022.
- The Sewer Fund had an increase in net position during 2022 in the amount of \$2,064,404. The majority of the excess was a result of an increase in tapping fees of approximately \$645,000 and a decrease in capital outlay expenses of approximately \$1,280,000.

Budgetary Highlights

For the year ended December 31, 2022, General Fund expenditures were \$434,112 less than appropriations, while actual resources available for appropriation were \$1,079,600 above the budgeted amount.

For the year ended December 31, 2022, Fire Protection Fund expenditures were \$12,092 more than appropriations, while actual resources available for appropriation were \$27,292 below the budgeted amount.

For the year ended December 31, 2022, Refuse Fund expenditures were \$274,718 less than appropriations, while actual resources available for appropriation were \$422,857 below the budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The acquisition of capital assets by the Township is reported as expenditures in the year of acquisition in the fund acquiring the related assets.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Capital Assets and Debt Administration - continued

Long-Term Debt

Proceeds from the acquisition of long-term debt are reported as other financing sources in the respective fund acquiring the debt in the year the proceeds are received. Correspondingly, debt service payments are reported as expenditures in the year payment is made by the fund making the related debt service payments.

The Township had long-term debt outstanding from General Obligation Bonds of \$15,195,000 and \$15,900,000 at December 31, 2022 and 2021, respectively.

Additional information on the Township's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budget and Rates

As it did in 2021, the number of new residential permits slightly rose, from six (6) in 2021 to eight (8) in 2022.

A number of significant projects went through the planning process during 2022. Several of these projects had either received approval in 2022, or had progressed to the point where construction began or was anticipated to begin sometime in 2023. These include:

- Plans for the phased expansion of the workforce at the **Alcon Research, LLC** facility along Old Fritztown Road were granted conditional approval and the site improvements began in 2022. This expansion from 117 current employees, to two (2) shifts with a total of 264 employees, will include internal alterations to the existing building, enlargements to the parking facilities and other site improvements.
- Plans were reviewed and approved by the Township for several projects proposing alterations at the existing **Broadcasting Square** shopping center along Paper Mill and Broadcasting Roads. These proposed alterations include the following:
 - a) Removal of the former **M&T Bank** building and replacement with a larger, 5,000-square foot building that would accommodate two (2) proposed restaurant tenants. Fast-casual restaurant **Honeygrow** projected to open in May of 2023. The second tenant is projected to be a **Mod-Pizza**.
 - b) The removal of the former **Babies-R-U's** store had taken place in 2019-2020, in anticipation of approval for the Broadcasting Square Redevelopment Plans. These plans showed three (3) proposed buildings totaling approximately 17,000 square feet, which included an **Outback Steakhouse**. The steakhouse is slated to begin construction in 2023.
 - c) The existing **Chick-fill-A** restaurant at Broadcasting Square was completely renovated in 2022, including the building being razed and replaced with a larger structure and the creation of expanded drive-through facilities.

TOWNSHIP OF SPRING
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Economic Factors and Next Year's Budget and Rates - continued

- The construction of the 210-unit **Reserve at Gring's Mill** apartment complex was completed in 2022. The same developer also began construction of the 180-unit **Reserve at Iroquois** apartment complex in 2022.
- **FastBridge Fiber** began installation of fiber optic cables throughout the Township in order to provide high-speed internet service to the residents of Spring.
- **St. Luke's** Medical Office Building was given conditional approval in 2022 at the former site of the Commerce Bank at the intersection of Shillington Road and Spohn Road, and is projected to begin construction in 2023.
- The proposed **Learning Experience** Daycare received conditional approval of a revised Final Plan from the Township in 2022 and is on track for final recorded documents for construction in late 2023 / early 2024. This 11,000-square foot daycare facility will be located within the Spring Ridge Planned Residential Development and is proposed to accommodate 140 total children and 23 teachers.
- The **Wilson School District** received conditional approval for the expansion of the existing high school building. This project includes the construction of a performing arts addition, the conversion of the old auditorium into a new consolidated cafeteria and kitchen and alterations to the parking facilities. Construction of this project is expected to begin in 2023/2024.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact John Groller, Township Manager, or Tracy Daniels, Township Treasurer, at 610-678-5393.

TOWNSHIP OF SPRING

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 19,591,546	\$ 11,365,594	\$ 30,957,140
Restricted escrow deposits	669,701	-	669,701
Internal balances	646	(646)	-
Other current assets	50,023	-	50,023
TOTAL ASSETS	<u>20,311,916</u>	<u>11,364,948</u>	<u>31,676,864</u>
LIABILITIES			
Funds held in escrow	669,701	-	669,701
NET POSITION			
Restricted	7,502,542	-	7,502,542
Unrestricted	12,139,673	11,364,948	23,504,621
TOTAL NET POSITION	<u>\$ 19,642,215</u>	<u>\$ 11,364,948</u>	<u>\$ 31,007,163</u>

TOWNSHIP OF SPRING

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 1,754,918	\$ 538,907	\$ 57,540	\$ -	\$ (1,158,471)	\$ -	\$ (1,158,471)
Public safety:							
Police	6,639,552	181,235	269,669	-	(6,188,648)	-	(6,188,648)
Fire, ambulance, and rescue	3,149,889	288,310	314,394	-	(2,547,185)	-	(2,547,185)
Other (planning, zoning, etc.)	878,788	642,870	17,528	-	(218,390)	-	(218,390)
Public works - sanitation	1,906,985	1,979,478	382,000	-	454,493	-	454,493
Public works - highways and streets	4,692,230	420,686	945,438	-	(3,326,106)	-	(3,326,106)
Culture and recreation	1,257,974	86,815	9,223	-	(1,161,936)	-	(1,161,936)
Community development	8,000	-	-	-	(8,000)	-	(8,000)
Debt service - principal	705,000	-	-	-	(705,000)	-	(705,000)
Debt - interest, fiscal agent fees	584,542	-	-	-	(584,542)	-	(584,542)
Employer paid benefits, insurance, other	150,321	-	-	-	(150,321)	-	(150,321)
Total Governmental Activities	<u>21,728,199</u>	<u>4,138,301</u>	<u>1,995,792</u>	<u>-</u>	<u>(15,594,106)</u>	<u>-</u>	<u>(15,594,106)</u>
Business-Type Activities:							
Wastewater collection and treatment	4,849,359	8,194,267	29,992	-	-	3,374,900	3,374,900
Total Primary Government	<u>\$ 26,577,558</u>	<u>\$ 12,332,568</u>	<u>\$ 2,025,784</u>	<u>\$ -</u>	<u>(15,594,106)</u>	<u>3,374,900</u>	<u>(12,219,206)</u>
General Revenues							
Taxes:							
Property taxes					7,322,440	-	7,322,440
Earned income taxes					5,000,866	-	5,000,866
Other taxes					3,096,177	-	3,096,177
Grants not restricted for specific programs					1,456,676	-	1,456,676
Investment earnings					90,934	47,029	137,963
Sale of capital assets					12,500	-	12,500
Miscellaneous income					-	33,573	33,573
Transfers					<u>1,391,098</u>	<u>(1,391,098)</u>	<u>-</u>
Total General Revenues and Transfers					<u>18,370,691</u>	<u>(1,310,496)</u>	<u>17,060,195</u>
Change in Net Position					<u>2,776,585</u>	<u>2,064,404</u>	<u>4,840,989</u>
Net Position - Beginning of Year					<u>16,865,630</u>	<u>9,300,544</u>	<u>26,166,174</u>
Net Position - End of Year					<u>\$ 19,642,215</u>	<u>\$ 11,364,948</u>	<u>\$ 31,007,163</u>

See accompanying notes.

TOWNSHIP OF SPRING

**BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS**

December 31, 2022

	General	Fire Protection	Refuse	Capital	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 9,703,762	\$ 966,261	\$ 254,526	\$ 5,002,510	\$ 3,664,487	\$ 19,591,546
Restricted escrow deposits	669,701	-	-	-	-	669,701
Interfund receivables	180,693	580	-	215,066	49,365	445,704
Other current assets	50,023	-	-	-	-	50,023
TOTAL ASSETS	<u>\$ 10,604,179</u>	<u>\$ 966,841</u>	<u>\$ 254,526</u>	<u>\$ 5,217,576</u>	<u>\$ 3,713,852</u>	<u>\$ 20,756,974</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Funds held in escrow	\$ 669,701	\$ -	\$ -	\$ -	\$ -	\$ 669,701
Interfund payables	49,053	215,150	109,816	59,129	11,910	445,058
TOTAL LIABILITIES	718,754	215,150	109,816	59,129	11,910	1,114,759
FUND BALANCES						
Restricted	2,904,199	751,691	144,710	-	3,701,942	7,502,542
Assigned	-	-	-	5,158,447	-	5,158,447
Unassigned	6,981,226	-	-	-	-	6,981,226
TOTAL FUND BALANCES	<u>9,885,425</u>	<u>751,691</u>	<u>144,710</u>	<u>5,158,447</u>	<u>3,701,942</u>	<u>19,642,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,604,179</u>	<u>\$ 966,841</u>	<u>\$ 254,526</u>	<u>\$ 5,217,576</u>	<u>\$ 3,713,852</u>	<u>\$ 20,756,974</u>

See accompanying notes.

TOWNSHIP OF SPRING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	General	Fire Protection	Refuse	Capital	Nonmajor Funds	Total Governmental Funds
REVENUES						
Real estate taxes	\$ 4,941,368	\$ 2,381,072	\$ -	\$ -	\$ -	\$ 7,322,440
Earned income taxes	5,000,866	-	-	-	-	5,000,866
Other taxes	3,096,177	-	-	-	-	3,096,177
Licenses, permits, and fines	748,392	-	-	-	-	748,392
Interest and rent	40,740	30,928	1,346	40,594	8,076	121,684
Intergovernmental	2,166,278	310,660	245,063	-	857,799	3,579,800
Charges for services	782,556	42,996	1,976,159	-	-	2,801,711
Special assessments	-	-	-	-	416,101	416,101
Other	277,273	73,052	-	-	3,380	353,705
TOTAL REVENUES	17,053,650	2,838,708	2,222,568	40,594	1,285,356	23,440,876
EXPENDITURES						
Current:						
General government	1,715,491	17,072	9,797	46,698	2,161	1,791,219
Public safety:						
Police	6,789,873	-	-	4,243	-	6,794,116
Fire, ambulance, and rescue	586,644	2,541,079	-	-	89,311	3,217,034
Other (planning, zoning, etc.)	888,937	-	-	-	-	888,937
Public works - sanitation	-	-	1,906,985	-	-	1,906,985
Public works - highways and streets	3,220,744	-	-	493,666	1,038,467	4,752,877
Culture and recreation	1,124,864	-	-	104,100	39,894	1,268,858
Community development	8,000	-	-	-	-	8,000
Employer paid benefits, insurance, other	147,185	2,291	750	-	95	150,321
Debt service - principal	-	-	-	-	705,000	705,000
Debt service - interest, fiscal agent fees	-	-	-	-	584,542	584,542
TOTAL EXPENDITURES	14,481,738	2,560,442	1,917,532	648,707	2,459,470	22,067,889
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,571,912	278,266	305,036	(608,113)	(1,174,114)	1,372,987

See accompanying notes.

TOWNSHIP OF SPRING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS - CONTINUED**

For the Year Ended December 31, 2022

	General	Fire Protection	Refuse	Capital	Nonmajor Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,571,912	278,266	305,036	(608,113)	(1,174,114)	1,372,987
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	12,500	-	-	-	-	12,500
Transfers in	925,000	-	-	852,800	1,289,542	3,067,342
Transfers out	(1,063,676)	(227,568)	(385,000)	-	-	(1,676,244)
TOTAL OTHER FINANCING SOURCES (USES)	(126,176)	(227,568)	(385,000)	852,800	1,289,542	1,403,598
NET CHANGE IN FUND BALANCES	2,445,736	50,698	(79,964)	244,687	115,428	2,776,585
FUND BALANCES - BEGINNING OF YEAR	7,439,689	700,993	224,674	4,913,760	3,586,514	16,865,630
FUND BALANCES - END OF YEAR	<u>\$ 9,885,425</u>	<u>\$ 751,691</u>	<u>\$ 144,710</u>	<u>\$ 5,158,447</u>	<u>\$ 3,701,942</u>	<u>\$ 19,642,215</u>

See accompanying notes.

TOWNSHIP OF SPRING

STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
PROPRIETARY FUND

December 31, 2022

	<u>Sewer Fund</u>
ASSETS	
Cash and investments	\$ 11,365,594
LIABILITIES	
Interfund payables	<u>646</u>
NET POSITION	
Unrestricted	<u>11,364,948</u>
TOTAL NET POSITION	<u><u>\$ 11,364,948</u></u>

TOWNSHIP OF SPRING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUND**

For the Year Ended December 31, 2022

	Sewer Fund
OPERATING REVENUES	
Charges for services:	
Sewer charges	\$ 7,440,829
Tapping fees	752,103
Miscellaneous revenue	1,335
	8,194,267
TOTAL OPERATING REVENUES	
 OPERATING EXPENSES	
Personnel services	948,087
Maintenance, operations, and contracted services	3,119,641
Professional fees	195,126
Materials and supplies	59,775
Capital outlay	417,529
Bank fees	52,189
Insurance	57,012
	4,849,359
TOTAL OPERATING EXPENSES	
	3,344,908
 NONOPERATING REVENUES	
State subsidies	29,992
Interest income	47,029
Other income	33,573
	110,594
TOTAL NONOPERATING REVENUES	
	3,455,502
 TRANSFERS OUT	(1,391,098)
	2,064,404
CHANGE IN NET POSITION	
 NET POSITION - BEGINNING OF YEAR	9,300,544
	\$ 11,364,948
NET POSITION - END OF YEAR	\$ 11,364,948

TOWNSHIP OF SPRING

STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUNDS

December 31, 2022

Pension
Trust
Funds

ASSETS

Investments

\$ 28,848,825

NET POSITION

Net position held in trust for pension benefits

\$ 28,848,825

TOWNSHIP OF SPRING

STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS

For the Year Ended December 31, 2022

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Township and Commonwealth	\$ 1,978,837
Employees	129,006
Investment loss	<u>(6,351,350)</u>
TOTAL ADDITIONS	(4,243,507)
DEDUCTIONS	
Benefit payments	1,676,152
Benefit payments - participant withdrawals	16,703
Administrative expenses	<u>89,640</u>
TOTAL DEDUCTIONS	<u>1,782,495</u>
CHANGE IN NET POSITION	(6,026,002)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>34,874,827</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 28,848,825</u></u>

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

The Township of Spring (the "Township"), Berks County, Pennsylvania, is a second class township created in 1850. The Township is governed by five (5) elected supervisors in accordance with laws of the Commonwealth of Pennsylvania. The supervisors must be residents and registered voters who are elected every two years, on a staggered basis, for a four-year term. The supervisors have the power to establish policies to be carried out by the Township. The supervisors appoint a manager who is responsible for the execution of all actions of the supervisors and manages the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As described further in Note 1D., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units.

The Township used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, townships, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Township has determined it has three fiduciary component units. The Township's pension plans are considered fiduciary component units and are reported as pension trust funds in the fiduciary fund financial statements.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds which are reported only in the fund financial statements. The government-wide statements include separate columns and distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

The statement of activities demonstrates the level to which the direct expenses of a given function of the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) taxes and grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items not includable in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Township Reports the Following Governmental Funds:

General Fund - This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established and is a major fund.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The Township Reports the Following Governmental Funds - continued:

Special Revenue Funds - These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes.

The Township's major special revenue funds are:

- Fire Protection Fund - This fund is used to account for the proceeds from the real estate assessment of 1.45 mills for assisting with fire related public safety expenses.
- Refuse Fund - This fund is used to account for the annual assessments levied for the removal and disposal of refuse and recycling materials, government funding received, and for the expenditures incurred by the Township to provide this service.

The Township's other major governmental fund is:

- Capital Fund - This fund is used to account for the financial resources set aside by the Township to be used for the acquisition or construction of capital items.

The Township's nonmajor governmental funds are:

Special Revenue Funds

- Fire Hydrant Tax Fund - This fund is used to account for the annual .06 mills received from properties benefiting from fire protection service and for the expenditures incurred by the Township to provide fire hydrants and water supply for fire protection.
- Liquid Fuels Fund - This fund is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.O. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.
- Street Lighting Tax Fund - This fund is used to account for the annual front-foot assessment received from properties benefiting from public street lighting and for the expenditures incurred by the Township to provide this service.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The Township Reports the Following Governmental Funds - continued:

The Township's nonmajor governmental funds are - continued:

Special Revenue Funds - continued

- Transportation Improvement District Fund - This fund is used to account for the collection of transportation improvement assessments from new developments that adversely affect the transportation infrastructure within the Township.
- Traffic Impact Fund - This fund is used to account for the collection of traffic impact assessments from new developments, which adversely affect the traffic flows within the Township.

Capital Projects

- Park Capital Outlay Fund - This fund is used to account for the fees received from developers and used by the Township to acquire, improve, and/or maintain public open space areas.

Debt Service Fund - This fund is used for the purpose of accumulating resources for the payment of interest and principal of long-term debt.

The Township has the Following Major Enterprise Fund:

Enterprise Funds - These funds are used to account for business-like activities provided to the general public. Activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The Township's major enterprise fund is the following:

- Sewer Fund - This fund is used to account for the operation of the sewer collection system which is operated as a public utility and not included as a regular function in the general fund.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

Additionally, the Township Reports the Following Fund Types:

Fiduciary Funds - The Township's fiduciary funds are pension trust funds. Pension trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and, therefore, are not available to support the Township's own programs. The Township's pension trust funds include:

- *Spring Township Police Pension Fund* - This fund was established to provide pension benefits to Township police employees.
- *Spring Township Firefighters Pension Fund* - This fund was established to provide pension benefits to Township full-time firefighter employees.
- *Spring Township Nonuniformed Pension Fund* - This fund was established to provide pension benefits to Township employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

1. Measurement Focus

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.
- The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

2. Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, other assets, and developer escrows.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

2. Basis of Accounting - continued

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value.

If the Township utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

E. Financial Position

1. Investments

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

2. Restricted Escrow Deposits

The restricted escrow deposit account represents cash received by the Township from developers to cover the Township's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with approved plans.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statement as "internal balances."

4. Capital Assets

In the government-wide and fund financial statements, capital assets arising from cash transactions are recorded as capital outlay expenditures (expenses) upon acquisition. Infrastructure assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are recorded as expenditures in the fund types expending the funds. Proceeds from the sale of capital assets are reported as other financing sources in the fund financial statements and as general revenues in the statement of activities.

5. Long-Term Debt

Debt proceeds are reported as other financing sources in the fund financial statements and as general revenues in the government-wide financial statements. Payment of principal and interest is reported as expenditures (expenses).

6. Compensated Absences

Compensated absences for vacation and sick leave are recorded when paid.

7. Other Postemployment Benefits

The Township provides certain benefits for its retired employees. The cost of such benefit is charged to expense as the premiums are paid.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

8. Net Position/Fund Balance Classifications

Government-Wide Statements, Proprietary Funds, and Fiduciary Funds

Net position is classified and displayed in two components:

Restricted - This component 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 - This component represents net positions of the Township, which are not restricted for any project or other purpose.

Flow Assumption - When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - Amounts that can be used only for a specific purpose determined by a formal action (resolution) of the Township supervisors, the government's highest level of decision-making authority. The formal action to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

Assigned - Amounts that the Township supervisors intend to use for a specific purpose. Assignments of fund balance are made by the Township supervisors.

Unassigned - Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and is available for any purpose.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

8. Net Position/Fund Balance Classifications - continued

Fund Balance Policies

Spending Policy - The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the government accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

Minimum Fund Balance Policy - The Township has no formal minimum fund balance policies or any formal stabilization arrangements in place.

F. Revenues, Expenditures, and Expenses

1. Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program receipts in each activity:

General Government - Charges for services include receipts for licenses, franchise fees, fines, and permits. Operating grants include various grants and contributions for general government expenditures.

Public Safety - Charges for services include receipts for fines and permits, fire hydrant assessments, as well as payments for fire protection management. Operating grants include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania as well as COVID-19 related grants.

Public Works: Sanitation - Charges for services include fees charged for refuse and recycling collection fees. Operating grants include recycling grants from the Commonwealth of Pennsylvania.

Public Works: Highways and Streets - Charges for services include streetlight assessments and road encroachment fees. Operating grants include proceeds from the State Motor License Fund through the Commonwealth of Pennsylvania.

Culture and Recreation - Charges for services include registration fees and park rentals. Operating grants include contributions from developers.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Revenues, Expenditures, and Expenses - continued

1. Program Revenues - continued

The Township also receives general municipal pension system state aid from the Commonwealth of Pennsylvania. This aid is all allocated to the various categories under operating grants based on where corresponding pension expense is incurred.

All other governmental revenues are reported as general revenue. All taxes are classified as general revenues even if restricted for a specific purpose.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges to customers for wastewater treatment. Operating expenses for the sewer fund include personnel, maintenance, operations, contracted services, professional fees, materials and supplies, capital outlay, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Property Taxes

Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2022 calendar year levied taxes on March 1, 2022, at 4.45 mills (3.00 mills for general operating purposes and 1.45 mills for fire protection). Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Berks County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at \$1,663,919,200.

G. Use of Estimates

The preparation of the financial statements in accordance with the modified cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

The Township adopts an annual operating budget, which can be amended by the supervisors throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. Legal budgets are adopted for the general and fire protection major governmental funds. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the cash basis. For this reason, no reconciliation will be needed between budgeted and actual amounts. Appropriations, encumbrances, and unexpended grant appropriations lapse at the end of each fiscal year.

The Township follows the procedures outlined below in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1, the Director of Financial Services submits to the Township supervisors a proposed operating budget for the fiscal year commencing the following January. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the Township meeting to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, the fire protection fund had excess expenditures over appropriations of \$12,092 due primarily to overtime wages and the timing of a vehicle purchase. The Township used fund balance to fund the excess expenditures. For the year ended December 31, 2022, expenditures did not exceed appropriations in any other major governmental fund in which a budget was legally adopted.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS

The Township is permitted to invest in the following types of investments as defined in the Commonwealth of Pennsylvania Second Class Township Code Section 3204:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

Cash and investments in the financial statements at December 31, 2022, are summarized as follows:

Deposits	\$ 28,708,810
Pooled cash and investments	2,918,031
Investments - pension funds	<u>28,848,825</u>
	<u>\$ 60,475,666</u>

Cash

Custodial Credit Risk - Deposit

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. As of December 31, 2022, the carrying amount of the Township's deposits was \$28,708,810 and the bank balance was \$27,215,452. Of the balance, \$656,515 was covered by federal depository insurance and \$26,558,937 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments

As of December 31, 2022, the Township had the following pooled cash and investments:

	Fair Value	Level	Maturities
PA Local Government Investment Trust (PLGIT):			
Class	\$ 548	N/A	
Term	2,917,483	N/A	< 1 year
	2,918,031		
Pension investments			
Mutual funds:			
Domestic equity	15,372,406	2	
Fixed income	8,955,058	2	
International	2,905,266	2	
Real estate	1,172,752	2	
Short-term fixed income	443,343	2	
	28,848,825		
Total pooled cash and investments	\$ 31,766,856		

Certain external pool investments held by the Township, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The Township measures those investments, which include \$2,918,031 (PLGIT), at amortized cost.

A portion of the Township’s deposits were in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT - Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.

PLGIT - Term is a fixed investment portfolio with a maturity of up to one year, depending upon termination date of any particular series within the PLGIT/Term portfolio. This option requires a minimum initial investment of \$100,000, a minimum investment period of 60 days, and has a premature withdrawal penalty.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments - continued

The Township's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Township's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

As of December 31, 2022, the entire PLGIT book balance of \$2,918,031 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

Pension Trust Funds

The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The Township maintains investment policies that summarize the investment philosophy of the Township and establishes investment guidelines and performance objectives for the Police, Firefighters, and Nonuniformed Pension Plans.

An investment company holds the Township's pooled investments in diversified and balanced portfolios consisting of mutual funds. These investments are valued based on the quoted market prices for shares held. The fair value of the Township's investments has been established utilizing the net asset value of the units allocated to the Township.

Interest Rate Risk

The Township does not have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Township does not have an investment policy that would limit its investment choices to certain credit rating. The Township's investments in pension funds held in mutual funds are not rated. The Township's investment in PLGIT is not rated as it is part of a government investment pool but has an implied rating of AAAM.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. The Township's fiduciary investments are investments in mutual funds and excluded from this risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the bank or counterparty the pension trust funds will not be able to recover the value of their investments or collateral securities that are in the possession of an outside entity. The Township does not hold any investments subject to custodial credit risk.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund receivables and payables are summarized as follows at December 31, 2022:

	Interfund Receivables	Interfund Payables
Governmental Funds		
Major funds:		
General fund	\$ 180,693	\$ 49,053
Fire protection	580	215,150
Refuse fund	-	109,816
Capital	215,066	59,129
Nonmajor funds:		
Fire hydrant tax	-	312
Street lighting tax	691	-
Park capital outlay	48,674	11,598
Enterprise Funds		
Sewer	-	646
	<u>\$ 445,704</u>	<u>\$ 445,704</u>

Interfund receivables and payables exist as a result of the time lag between the dates when goods and services are provided and payments between funds are made. All balances outstanding will be paid within one year.

Interfund transfers are as follows at December 31, 2022:

	Transfers In	Transfers Out
Governmental Funds		
Major funds:		
General fund	\$ 925,000	\$ 1,063,676
Fire protection	-	227,568
Refuse	-	385,000
Capital	852,800	-
Nonmajor funds:		
Debt service	1,289,542	-
Enterprise Funds		
Sewer	-	1,391,098
	<u>\$ 3,067,342</u>	<u>\$ 3,067,342</u>

Transfers were made for current and future capital needs, to satisfy debt service requirements, and to cover indirect costs.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 5 - LONG-TERM DEBT

The Township issues general obligation bonds to provide resources for major capital improvements and equipment needs for governmental and business-type activities. The bonds and direct obligations are issued on a pledge of the full faith and credit of the Township. Bonds payable are as follows at December 31, 2022:

General Obligation Bonds, Series of 2012

On March 15, 2012, the Township issued \$6,475,000 in General Obligation Bonds (Federally Taxable-Issuer Subsidy Build America Bonds) to fund certain capital projects located within the Township. Principal payments are due annually on November 15th of each year, while interest is due semi-annually on May 15th and November 15th of each year. Final payment of the outstanding principal and accrued interest is due on November 15, 2023. The Bond bears interest at rates ranging from 1.00% to 2.00%.

General Obligation Bonds, Series of 2019

On June 27, 2019, the Township issued \$14,495,000 in General Obligation Bonds to refund General Obligation Bond Series 2010. The issuance provided net present value savings of approximately \$1,700,000. Principal payments are due annually on November 15th of each year starting in 2020, while interest is due semi-annually on May 15th and November 15th of each year. Final payment of the outstanding principal and accrued interest is due on November 15, 2039. The Bond bears interest at rate of between 1.45% - 5.00%.

Principal maturities on the long-term debt are as follows:

	<u>GOB Series of 2012</u>	<u>GOB Series of 2019</u>	<u>Total Principal</u>	<u>Total Interest</u>
2023	\$ 715,000	\$ 5,000	\$ 720,000	\$ 570,300
2024	-	685,000	685,000	555,750
2025	-	720,000	720,000	521,500
2026	-	755,000	755,000	485,500
2027	-	790,000	790,000	447,750
2028 - 2032	-	4,550,000	4,550,000	1,633,350
2033 - 2037	-	5,420,000	5,420,000	730,800
2038 - 2039	-	1,555,000	1,555,000	57,900
	<u>\$ 715,000</u>	<u>\$ 14,480,000</u>	<u>\$ 15,195,000</u>	<u>\$ 5,002,850</u>

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 5 - LONG-TERM DEBT - CONTINUED

The following is a summary of the Township's long-term debt transactions for the year ended December 31, 2022:

	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/2022</u>
General Obligation Bonds, Series of 2012	\$ 1,415,000	\$ -	\$ 700,000	\$ 715,000
General Obligation Bonds, Series of 2019	<u>14,485,000</u>	<u>-</u>	<u>5,000</u>	<u>14,480,000</u>
	<u>\$ 15,900,000</u>	<u>\$ -</u>	<u>\$ 705,000</u>	<u>\$ 15,195,000</u>

Funds to satisfy the outstanding liabilities will be provided by future tax revenues and other general revenues with payments made by the Debt Service Fund. Total interest expense paid during the year was \$584,542.

The bonds are secured by the pledged full-faith, credit and taxing power of the Township. The bonds are issued in accordance with provisions of the Local Government Unit Debt Act, Act No. 177 of December 19, 1996 (the "Act"). In the event of failure of the Township to pay or cause to be paid the interest on or principal of the Bonds, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing a civil action in the Court of Common Pleas in the county in which the Township is located. The Act provides that any judgment shall have an appropriate priority upon the money next coming into the treasury of the Township.

NOTE 6 - PENSION PLANS

The Township of Spring administers and contributes to the Spring Township Police Pension Plan, the Spring Township Firefighters Pension Plan, and the Spring Township Nonuniformed Pension Plan. All plans are single employer defined benefit pension plans administered by a trustee. The assets of the Plans are invested separately, and each Plan's assets may be used only for the payment of benefits to the members of each Plan, in accordance with the terms of that Plan.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 6 - PENSION PLANS - CONTINUED

Plan Descriptions

Police Pension Plan

The Spring Township Police Pension Plan is a single-employer defined benefit plan that covers all full-time members of the police force upon employment. The Spring Township Police Pension Plan provides for pension benefits, early or late optional retirement benefit provisions, disability, and death benefits to plan members and their beneficiaries. A member may retire after reaching age 50 and completion of 25 years of service. Benefits vest after 12 years of service. Employees who retire after reaching age 50 are entitled to monthly pension payments for the remainder of their lives equal to 50% of the average monthly pay based on the last 36 months of employment, plus \$20 per month for each year of service over 25 years with a maximum of \$100 per month. Payments continue after participant's death to the surviving spouse or eligible child. An annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30% and a maximum pension benefit of 75% of the salary used for computing retirement benefit. An active member who has met the eligibility requirements for normal retirement may elect to participate in the in-service retirement option plan (IROP) for a period of not more than 5 years. An active member shall not be eligible to elect to participate in the IROP after December 31, 2019.

If active, a monthly death benefit is paid to the spouse equal to 50% of the benefit the member would have been receiving had he/she been retired at the time of death.

A disabled employee is entitled to receive disability benefits as long as the disability continues. Disability pension to equal 65% of the average monthly compensation, but no less than 50% of the member's monthly salary at the time of disability.

Firefighters Pension Plan

The Spring Township Firefighters Pension Plan is a single-employer defined benefit plan that covers all full-time firefighters of the Township, who have not attained age 60 as of their date of employment, after completion of 6 consecutive months of employment. The Spring Township Firefighters Pension Plan provides for pension benefits, early or late optional retirement benefit provisions, disability, and death benefits to plan members and their beneficiaries. A member may retire after reaching age 55 or 25 years of service. Benefits begin to vest (20%) after 6 years of service with a member being 100% vested after 10 or more years of service. Firefighters who retire after reaching age 60 are entitled to monthly pension payments for the remainder of their lives equal to 1.75% of the average monthly pay based on the last 36 months of employment, multiplied by the number of years of benefit service. Payments cease upon the members death. An annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30%. The cost of living increase benefit is not available to members hired on or after January 1, 2015, or retires on or after January 1, 2022. The Plan was amended in 2015 to include the IROP provision. A member electing to participate in the IROP on or after January 1, 2022 may do so for a period of not more than 3 years.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 6 - PENSION PLANS - CONTINUED

Plan Descriptions - continued

Firefighters Pension Plan - continued

If active, a monthly death benefit is paid to the spouse equal to 50% of the benefit the member would have been receiving had he/she been retired at the time of death. An active member who suffers a total and permanent disability is entitled to receive disability benefits. Disability pension is equal to the member's accrued pension at the date of disability.

Nonuniformed Pension Plan

The Spring Township Nonuniformed Pension Plan is a single-employer defined benefit plan that covers all full-time nonuniformed employees of the Township, who have not attained age 60 as of their date of employment, after completion of 6 consecutive months of employment. The Spring Township Nonuniformed Pension Plan provides for pension benefits, early or late optional retirement benefit provisions, disability, and death benefits to plan members and their beneficiaries. A member may retire after reaching age 60. Benefits begin to vest (20%) after 6 years of service with a member being 100% vested after 10 or more years of service. Employees hired before January 1, 2018, who retire after reaching age 60 are entitled to monthly pension payments for the remainder of their lives equal to 1.75% of the average monthly pay based on the last 36 months of employment, multiplied by the number of years of benefit service. Employees hired after January 1, 2018, who retire after reaching age 60 are entitled to monthly pension payments for the remainder of their lives equal to 1.50% of the average monthly pay based on the last 36 months of employment, multiplied by the number of years of benefit service. Payments cease upon the members death. An annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30%. The cost of living increase benefit is not available to members hired or retired on or after January 1, 2015.

If active, a monthly death benefit is paid to the spouse equal to 50% of the benefit the member would have been receiving had he/she been retired at the time of death.

An active member who suffers a total and permanent disability is entitled to receive disability benefits. Disability pension is equal to the member's accrued pension at the date of disability.

Pension Trust Funds

The three plans are considered part of the Township's financial reporting entity and are included in the Township's financial statements as Pension Trust Funds.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 6 - PENSION PLANS - CONTINUED

Plan Descriptions - continued

Funding Policy

The contribution requirements of plan members and the Township are established and may be amended by the Township supervisors. Police Pension Plan members are required to contribute 1.0% of compensation. Firefighters and Nonuniformed Pension Plan members are required to contribute 1.0%, 2.0%, or 5.0% of compensation based on IROP eligibility and COLA maximum elections. The contributions required of the Township under the defined benefit plans are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year December 31, 2022, the rate of Township contributions for the Police Pension Plan, Firefighters Pension Plan, and the Nonuniformed Pension Plan was 14.6%, 12.6%, and 12.8% of covered payroll, respectively. The total Township contributions to the Police Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$1,057,891, \$1,016,606, and \$978,756, respectively. The total Township contributions to the Firefighters Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$171,262, \$174,330, and \$162,729, respectively. The total Township contributions to the Nonuniformed Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$749,684, \$719,859, and \$664,302, respectively. These contributions are equal to the required contribution for each plan.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Township contributes to three single-employer defined benefit healthcare plans: Police Officers, Firefighters, and Nonuniformed Employees. The Police Officers plan provides medical insurance, prescription drug coverage, dental, and vision expenses for the retiree only, until Medicare eligibility (normally age 65) provided the police officer has no other coverage available elsewhere. The provisions for the Nonuniformed Employees and Firefighters plans provide medical insurance and prescription drug expenses for the retiree only, until Medicare eligibility (normally age 65) provided the retiree has no other coverage available elsewhere.

Benefit provisions for the Police Officers, Nonuniformed Employees, and Firefighters are established and amended through negotiations between the Township and the respective union.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Funding Policy

Contribution requirements are negotiated between the Township and union representatives. For the Police Officers Plan, the Township pays 100% of the healthcare premiums in effect at retirement. Retirees pay for any subsequent increases in costs. Spouse coverage is available until the earlier of Medicare eligibility or retiree's death, as long as the retiree pays 100% of the cost of coverage. For the Nonuniformed Employees and Firefighters plans, the Township pays 100% of the healthcare premiums in effect at retirement. Retirees pay for any subsequent increases in costs. Spouse coverage is available until the earlier of Medicare eligibility or retiree's death, as long as the retiree pays 100% of the cost of coverage.

For the fiscal year ended December 31, 2022, the Township contributed \$68,433 to the plan related to retirees.

NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to those employees who meet eligibility requirements set forth in the plan, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, or unforeseeable emergency. The Township has no liability for losses under the plan arising from expense charges of any kind or from depreciation or shrinkage in the value of assets of the plan but does have the duty of executing due care that would be required of an ordinary prudent investor.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 9 - FUND BALANCE

Details of the Township’s governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2022, are as follows:

	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
<u>Major Governmental Funds</u>				
General	\$ 2,904,199	\$ -	\$ 6,981,226	\$ 9,885,425
Fire protection	751,691	-	-	751,691
Refuse	144,710	-	-	144,710
Capital	-	5,158,447	-	5,158,447
<u>Nonmajor Governmental Funds</u>				
Fire hydrant	148,546	-	-	148,546
Liquid fuels	677,031	-	-	677,031
Street lighting tax	207,344	-	-	207,344
Transportation improvement district	408,352	-	-	408,352
Traffic impact	1,512,703	-	-	1,512,703
Park capital outlay	747,966	-	-	747,966
Total	<u>\$ 7,502,542</u>	<u>\$ 5,158,447</u>	<u>\$ 6,981,226</u>	<u>\$ 19,642,215</u>

Major Governmental Funds

General Fund: The general fund has restricted funds of \$2,904,199, consisting of unspent grant proceeds and an unassigned fund balance of \$6,981,226.

Fire Protection Fund: The fire protection fund has restricted funds of \$751,691, consisting primarily of unspent real estate tax millage assessed for public safety - fire.

Refuse Fund: The refuse fund has restricted funds of \$144,710, consisting primarily of unspent refuse and recycling charges for public works - sanitation.

Capital Fund: The capital fund has assigned funds of \$5,158,447, consisting primarily of transfers from other funds to be used for future capital purchases.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 9 - FUND BALANCE - CONTINUED

Nonmajor Governmental Funds

Fire Hydrant Tax Fund: The fire hydrant tax fund has restricted funds of \$148,546, consisting primarily of unspent special assessments.

Liquid Fuels Fund: The liquid fuels fund has restricted funds of \$677,031, consisting of unspent state highway and grant funds restricted by law.

Street Lighting Tax Fund: The street lighting tax fund has restricted funds of \$207,344, consisting of unspent special assessments for street lighting.

Transportation Improvement District Fund: The transportation improvement district fund has restricted funds of \$408,352, consisting of unspent developer highways fees for transportation capital improvements.

Traffic Impact Fund: The traffic impact fund has restricted funds of \$1,512,703, consisting of unspent traffic impact fees for Township infrastructure impacted by construction.

Park Capital Outlay Fund: The park capital outlay fund has restricted funds of \$747,966, consisting primarily of unspent developer fees to be used for open space.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Township has commitments outstanding totaling \$329,000 for various capital projects. These commitments will be satisfied with cash on hand.

Subsequent to year end, the Township entered into contracts totaling \$1,870,000 related to capital projects for road improvements, storm water management, and building repairs at the police station.

Various claims and lawsuits are pending against the Township. In the opinion of the Township's management and solicitor, the outcome of these claims and lawsuits will not have a material adverse effect on the accompanying financial statements.

TOWNSHIP OF SPRING

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 11 - INTERMUNICIPAL AGREEMENTS

On September 16, 2015, the Township entered into an agreement with the Borough of Wyomissing to provide administrative and operational management services for the Wyomissing Fire Department. The agreement was amended and restated on January 8, 2019. Under this agreement, effective January 1, 2019, the Borough shall pay the Township \$120,000 annually, payable in monthly installments of \$10,000. The agreement shall automatically renew for one-year terms under the same terms, with a 4% increase for each renewal term, unless either party notifies the other party at least 90 days prior to the expiration of the current term that the agreement is to terminate or that the terms are to be changed. The Township received \$134,984 during 2022 which is reported in the fire protection fund. This agreement has been extended through December 31, 2023.

NOTE 12 - WESTERN BERKS AMBULANCE ASSOCIATION

On September 28, 2020, the Township entered into an agreement with Western Berks Ambulance Association (WBAA) to provide advanced life support, basic life support, and other contracted service to residents and others located within the Township's jurisdiction, effective January 1, 2020. The contract will terminate December 31, 2024, if neither party moves to terminate before then pursuant to the agreement. The Township agrees to pay to WBAA \$35 per household in quarterly installments based on the previous year's Township census. Contracted services totaled \$394,240 for the year ended December 31, 2022.

NOTE 13 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss. There were no reductions in insurance coverages for the 2022 year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF SPRING

COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Fire Hydrant Tax	Liquid Fuels	Street Lighting Tax	Transportation Improvement District	Traffic Impact	Park Capital Outlay	Debt Service	Totals
ASSETS								
Cash	\$ 148,858	\$ 677,031	\$ 206,653	\$ 408,352	\$ 1,512,703	\$ 710,890	\$ -	\$ 3,664,487
Interfund receivables	-	-	691	-	-	48,674	-	49,365
TOTAL ASSETS	<u>\$ 148,858</u>	<u>\$ 677,031</u>	<u>\$ 207,344</u>	<u>\$ 408,352</u>	<u>\$ 1,512,703</u>	<u>\$ 759,564</u>	<u>\$ -</u>	<u>\$ 3,713,852</u>
LIABILITIES								
Interfund payables	\$ 312	\$ -	\$ -	\$ -	\$ -	\$ 11,598	\$ -	\$ 11,910
FUND BALANCES								
Restricted	148,546	677,031	207,344	408,352	1,512,703	747,966	-	3,701,942
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 148,858</u>	<u>\$ 677,031</u>	<u>\$ 207,344</u>	<u>\$ 408,352</u>	<u>\$ 1,512,703</u>	<u>\$ 759,564</u>	<u>\$ -</u>	<u>\$ 3,713,852</u>

TOWNSHIP OF SPRING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	Fire Hydrant Tax	Liquid Fuels	Street Lighting Tax	Transportation Improvement District	Traffic Impact	Park Capital Outlay	Debt Service	Totals
REVENUES								
Interest and rent	\$ 300	\$ 2,200	\$ 416	\$ 735	\$ 3,105	\$ 1,320	\$ -	\$ 8,076
Intergovernmental	-	857,799	-	-	-	-	-	857,799
Special assessments	81,903	-	332,632	-	1,566	-	-	416,101
Other	-	-	-	-	-	3,380	-	3,380
TOTAL REVENUES	82,203	859,999	333,048	735	4,671	4,700	-	1,285,356
EXPENDITURES								
Current:								
General government	567	-	1,594	-	-	-	-	2,161
Public safety - fire, ambulance, and rescue	89,311	-	-	-	-	-	-	89,311
Public works - highways and streets	-	750,000	288,467	-	-	-	-	1,038,467
Culture and recreation	-	-	-	-	-	39,894	-	39,894
Employer paid benefits, insurance, other	95	-	-	-	-	-	-	95
Debt service - principal	-	-	-	-	-	-	705,000	705,000
Debt service - interest, fiscal agent fees	-	-	-	-	-	-	584,542	584,542
TOTAL EXPENDITURES	89,973	750,000	290,061	-	-	39,894	1,289,542	2,459,470
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,770)	109,999	42,987	735	4,671	(35,194)	(1,289,542)	(1,174,114)
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	1,289,542	1,289,542
NET CHANGE IN FUND BALANCE	(7,770)	109,999	42,987	735	4,671	(35,194)	-	115,428
FUND BALANCES - BEGINNING OF YEAR	156,316	567,032	164,357	407,617	1,508,032	783,160	-	3,586,514
FUND BALANCES - END OF YEAR	\$ 148,546	\$ 677,031	\$ 207,344	\$ 408,352	\$ 1,512,703	\$ 747,966	\$ -	\$ 3,701,942

TOWNSHIP OF SPRING

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUNDS

December 31, 2022

	Police Pension Fund	Firefighters Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
ASSETS				
Investments	<u>\$ 16,527,181</u>	<u>\$ 2,035,689</u>	<u>\$ 10,285,955</u>	<u>\$ 28,848,825</u>
NET POSITION				
Net position held in trust for pension benefits	<u><u>\$ 16,527,181</u></u>	<u><u>\$ 2,035,689</u></u>	<u><u>\$ 10,285,955</u></u>	<u><u>\$ 28,848,825</u></u>

TOWNSHIP OF SPRING

**COMBINING STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS**

For the Year Ended December 31, 2022

	Police Pension Fund	Firefighters Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Township and Commonwealth Employees	\$ 1,057,891 48,501	\$ 171,262 36,188	\$ 749,684 44,317	\$ 1,978,837 129,006
Investment loss	(3,621,237)	(424,301)	(2,305,812)	(6,351,350)
TOTAL ADDITIONS	(2,514,845)	(216,851)	(1,511,811)	(4,243,507)
DEDUCTIONS				
Benefit payments	840,052	18,737	817,363	1,676,152
Benefit payments - participant withdrawals	-	-	16,703	16,703
Administrative expenses	46,568	10,336	32,736	89,640
TOTAL DEDUCTIONS	886,620	29,073	866,802	1,782,495
CHANGE IN NET POSITION	(3,401,465)	(245,924)	(2,378,613)	(6,026,002)
TOTAL NET POSITION - BEGINNING OF YEAR	19,928,646	2,281,613	12,664,568	34,874,827
TOTAL NET POSITION - END OF YEAR	<u>\$ 16,527,181</u>	<u>\$ 2,035,689</u>	<u>\$ 10,285,955</u>	<u>\$ 28,848,825</u>

OTHER INFORMATION

TOWNSHIP OF SPRING

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED CASH BASIS

(UNAUDITED)

For the Year Ended December 31, 2022

	*		
	Budget	Actual	Variance
REVENUES			
Real estate taxes	\$ 4,935,000	\$ 4,941,368	\$ 6,368
Earned income taxes	4,500,000	5,000,866	500,866
Other taxes	2,725,000	3,096,177	371,177
Licenses, permits, and fines	762,500	748,392	(14,108)
Interest and rent	14,300	40,740	26,440
Intergovernmental	2,109,000	2,166,278	57,278
Charges for services	625,750	782,556	156,806
Other	302,500	277,273	(25,227)
	TOTAL REVENUES	17,053,650	1,079,600
EXPENDITURES			
Current:			
General government	1,893,250	1,715,491	177,759
Public safety:			
Police	7,004,500	6,789,873	214,627
Fire, ambulance, and rescue	555,000	586,644	(31,644)
Other (planning, zoning, etc.)	925,800	888,937	36,863
Public works - highways and streets	2,763,700	3,220,744	(457,044)
Culture and recreation	1,619,600	1,124,864	494,736
Community development	10,000	8,000	2,000
Employer paid benefits, insurance, other	143,500	147,185	(3,685)
Debt service - interest, fiscal agent fees, other	500	-	500
	TOTAL EXPENDITURES	14,481,738	434,112
	EXCESS OF REVENUES OVER EXPENDITURES	2,571,912	1,513,712
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	30,000	12,500	(17,500)
Transfers in	925,000	925,000	-
Transfers out	(2,497,638)	(1,063,676)	1,433,962
	TOTAL OTHER FINANCING SOURCES (USES)	(126,176)	1,416,462
	NET CHANGE IN FUND BALANCE	2,445,736	\$ 2,930,174
FUND BALANCE - BEGINNING OR YEAR		7,439,689	
FUND BALANCE - END OF YEAR		\$ 9,885,425	

* Original and Final Budget are the same.

TOWNSHIP OF SPRING

BUDGETARY COMPARISON SCHEDULE FOR THE FIRE PROTECTION FUND - MODIFIED CASH BASIS

(UNAUDITED)

For the Year Ended December 31, 2022

	*		
	Budget	Actual	Variance
REVENUES			
Real estate taxes	\$ 2,365,000	\$ 2,381,072	\$ 16,072
Interest and rent	2,500	30,928	28,428
Intergovernmental	390,500	310,660	(79,840)
Charges for services	28,000	42,996	14,996
Other	80,000	73,052	(6,948)
	<u>2,866,000</u>	<u>2,838,708</u>	<u>(27,292)</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	10,600	17,072	(6,472)
Public safety - Fire, ambulance, and rescue	2,468,750	2,541,079	(72,329)
Employer paid benefits, insurance, other	1,000	2,291	(1,291)
Debt service - principal	68,000	-	68,000
	<u>2,548,350</u>	<u>2,560,442</u>	<u>(12,092)</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	317,650	278,266	(39,384)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	22,000	-	(22,000)
Transfers out	(221,637)	(227,568)	(5,931)
	<u>118,013</u>	<u>50,698</u>	<u>(67,315)</u>
NET CHANGE IN FUND BALANCE			
FUND BALANCE - BEGINNING OF YEAR		<u>700,993</u>	
FUND BALANCE - END OF YEAR		<u>\$ 751,691</u>	

* Original and Final Budget are the same.

TOWNSHIP OF SPRING

BUDGETARY COMPARISON SCHEDULE FOR THE REFUSE FUND - MODIFIED CASH BASIS

(UNAUDITED)

For the Year Ended December 31, 2022

	*		
	Budget	Actual	Variance
REVENUES			
Interest and rent	\$ 1,200	\$ 1,346	\$ 146
Intergovernmental	682,225	245,063	(437,162)
Charges for services	1,962,000	1,976,159	14,159
	<u>2,645,425</u>	<u>2,222,568</u>	<u>(422,857)</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	9,750	9,797	(47)
Public works - sanitation	2,182,000	1,906,985	275,015
Employer paid benefits, insurance, other	500	750	(250)
	<u>2,192,250</u>	<u>1,917,532</u>	<u>274,718</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	453,175	305,036	(148,139)
OTHER FINANCING USES			
Transfers out	(385,000)	(385,000)	-
	<u>(385,000)</u>	<u>(385,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 68,175</u>	<u>(79,964)</u>	<u>\$ (148,139)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>224,674</u>	
FUND BALANCE - END OF YEAR		<u>\$ 144,710</u>	

* Original and Final Budget are the same.

TOWNSHIP OF SPRING

**POLICE, FIREFIGHTERS, AND NONUNIFORMED PENSION PLANS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
(In Accordance with Act 205)**

(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
POLICE PENSION PLAN						
01/01/21	\$ 15,969,462	\$ 19,507,936	\$ 3,538,474	81.9%	\$ 2,929,633	120.8%
01/01/19	14,110,840	18,383,794	4,272,954	76.8%	2,969,690	143.9%
01/01/17	11,937,719	15,996,855	4,059,136	74.6%	2,785,682	145.7%
FIREFIGHTERS PENSION PLAN						
01/01/21	\$ 1,862,112	\$ 1,993,648	\$ 131,536	93.4%	\$ 1,105,919	11.9%
01/01/19	1,065,393	1,632,122	566,729	65.3%	976,618	58.0%
01/01/17	706,943	1,115,657	408,714	63.4%	1,051,198	38.9%
NONUNIFORMED PENSION PLAN						
01/01/21	\$ 10,637,100	\$ 12,755,496	\$ 2,118,396	83.4%	\$ 2,183,039	97.0%
01/01/19	9,819,847	12,177,975	2,358,128	80.6%	1,973,662	119.5%
01/01/17	8,795,560	10,838,629	2,043,069	81.2%	1,639,513	124.6%

SCHEDULES OF EMPLOYER CONTRIBUTIONS*

Fiscal Year	Annual Required Contribution	Percentage Contributed	Fiscal Year	Annual Required Contribution	Percentage Contributed
POLICE PENSION PLAN			NONUNIFORMED PENSION PLAN		
2022	\$ 1,057,891	100%	2022	\$ 749,684	100%
2021	1,016,606	100%	2021	719,859	100%
2020	978,756	100%	2020	664,302	100%
2019	956,470	100%	2019	628,915	100%
2018	855,667	100%	2018	544,783	100%
2017	800,138	100%	2017	539,082	100%
2016	747,669	100%	2016	479,147	100%
FIREFIGHTERS PENSION PLAN					
2022	\$ 171,262	100%			
2021	174,330	100%			
2020	162,729	100%			
2019	166,203	100%			
2018	158,456	100%			
2017	152,072	100%			
2016	132,528	100%			

Changes in Assumptions: For the 1/1/19 valuation the mortality table was changed from the IRS 2017 Static Combined Table for Small Plans to the PubS-2010 mortality table incorporating rates projected generationally using MP-2018 to reflect mortality improvements.

* Schedules prepared in accordance with actuarial valuations performed under PA Act 205. These valuations are utilized to determine funding requirements for the plans.

TOWNSHIP OF SPRING

**POLICE, FIREFIGHTERS, AND NONUNIFORMED PENSION PLANS
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
(In Accordance with GASB 68)**

(UNAUDITED)

Measurement Date	Plan Fiduciary Net Position (a)	Total Pension Liability (TPL)(b)	Net Pension (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll ((b-a)/c)
POLICE PENSION PLAN						
12/31/22	\$ 16,597,574	\$ 21,947,601	\$ 5,350,027	75.6%	\$ 3,384,085	158.1%
12/30/21	19,997,979	20,626,372	628,393	97.0%	3,198,668	19.6%
12/31/20	17,367,619	20,034,019	2,666,400	86.7%	2,929,633	91.0%
12/31/19	14,957,237	19,214,601	4,257,364	77.8%	2,787,531	152.7%
12/31/18	12,377,323	18,082,164	5,704,841	68.5%	2,969,690	192.1%
12/31/17	13,001,994	17,030,720	4,028,726	76.3%	2,788,702	144.5%
12/31/16	11,006,915	15,525,410	4,518,495	70.9%	2,785,682	162.2%
12/31/15	10,065,441	14,638,125	4,572,684	68.8%	2,508,864	182.3%
FIREFIGHTERS PENSION PLAN						
12/31/22	\$ 2,037,216	\$ 2,572,143	\$ 534,927	79.2%	\$ 1,166,874	45.8%
12/30/21	2,283,112	2,269,528	(13,584)	100.6%	1,071,027	-1.3%
12/31/20	1,862,112	2,118,686	256,574	87.9%	1,105,919	23.2%
12/31/19	1,449,693	1,865,860	416,167	77.7%	1,040,495	40.0%
12/31/18	1,065,393	1,591,405	526,012	66.9%	976,618	53.9%
12/31/17	985,853	1,343,961	358,108	73.4%	1,092,556	32.8%
12/31/16	706,943	1,180,765	473,822	59.9%	1,051,198	45.1%
12/31/15	534,860	800,619	265,759	66.8%	1,018,702	26.1%
NONUNIFORMED PENSION PLAN						
12/31/22	\$ 10,354,265	\$ 13,607,735	\$ 3,253,470	76.1%	\$ 2,438,109	133.4%
12/30/21	12,732,357	13,175,171	442,814	96.6%	2,314,731	19.1%
12/31/20	11,243,671	12,643,956	1,400,285	88.9%	2,142,539	65.4%
12/31/19	10,026,120	12,532,317	2,506,197	80.0%	2,014,312	124.4%
12/31/18	8,411,462	11,585,654	3,174,192	72.6%	1,973,662	160.8%
12/31/17	9,091,553	11,219,935	2,128,382	81.0%	1,738,838	122.4%
12/31/16	7,935,079	10,826,308	2,891,229	73.3%	1,639,513	176.3%
12/31/15	7,596,782	10,519,812	2,923,030	72.2%	1,506,154	194.1%

Schedules prepared in accordance with actuarial valuations performed in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 68 requires the liability of employers contributing to employees defined benefit pensions to be measured on the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to the employees past period of service, less the cost of the plan's fiduciary net position.

TOWNSHIP OF SPRING

**OTHER POSTEMPLOYMENT BENEFITS PLANS
SCHEDULE OF FUNDING PROGRESS**

(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Employee Payroll (c)	UAAL as a Percentage of Covered Employee Payroll ((b-a)/c)
POLICE						
01/01/22	\$ -	\$ 2,575,911	\$ 2,575,911	0.0%	\$ 3,464,630	74.3%
01/01/21	-	2,494,728	2,494,728	0.0%	3,272,847	76.2%
01/01/20	-	2,145,541	2,145,541	0.0%	3,272,847	65.6%
01/01/19	-	1,915,502	1,915,502	0.0%	3,002,078	63.8%
01/01/18	-	1,910,148	1,910,148	0.0%	3,002,078	63.6%
FIREFIGHTERS						
01/01/22	\$ -	\$ 1,015,135	\$ 1,015,135	0.0%	\$ 1,105,869	91.8%
01/01/21	-	264,546	264,546	0.0%	1,040,495	25.4%
01/01/20	-	218,775	218,775	0.0%	1,040,495	21.0%
01/01/19	-	195,250	195,250	0.0%	1,092,556	17.9%
01/01/18	-	171,517	171,517	0.0%	1,092,556	15.7%
NONUNIFORMED						
01/01/22	\$ -	\$ 926,507	\$ 926,507	0.0%	\$ 2,619,982	35.4%
01/01/21	-	668,974	668,974	0.0%	2,141,288	31.2%
01/01/20	-	555,811	555,811	0.0%	2,141,288	26.0%
01/01/19	-	523,714	523,714	0.0%	2,157,911	24.3%
01/01/18	-	591,881	591,881	0.0%	2,157,911	27.4%

The actuarial valuations were performed under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced the requirements for GASB 45. This statement established new standards for measuring the other postemployment benefits liabilities which resulted in changes to the actuarial valuation assumptions.

TOWNSHIP OF SPRING

**OTHER POSTEMPLOYMENT BENEFITS PLANS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 238,780	\$ 187,187	\$ 162,106	\$ 165,643	\$ 135,503
Interest	69,601	99,027	98,588	86,526	89,900
Changes of benefit terms	625,854	-	-	-	-
Difference between expected and actual experience	371,502	-	81,533	-	-
Changes of assumptions	(104,240)	350,519	106,103	(104,708)	240,755
Benefit payments	(112,192)	(128,612)	(162,669)	(186,541)	(175,212)
	<u>1,089,305</u>	<u>508,121</u>	<u>285,661</u>	<u>(39,080)</u>	<u>290,946</u>
Net change in total OPEB liability					
Total OPEB liability, beginning	<u>3,428,248</u>	<u>2,920,127</u>	<u>2,634,466</u>	<u>2,673,546</u>	<u>2,382,600</u>
	<u>\$ 4,517,553</u>	<u>\$ 3,428,248</u>	<u>\$ 2,920,127</u>	<u>\$ 2,634,466</u>	<u>\$ 2,673,546</u>
Total OPEB liability, ending					
Covered Employee Payroll	<u>\$ 7,190,481</u>	<u>\$ 6,454,630</u>	<u>\$ 6,454,630</u>	<u>\$ 6,252,545</u>	<u>\$ 6,252,545</u>
Total OPEB liability as a percentage of covered employee payroll	62.83%	53.11%	45.24%	42.13%	42.76%

Changes of Assumptions

Significant changes in assumptions for the January 1, 2022 measurement date are as follows:

- The discount rate changed from 1.93% to 2.25%.
- The healthcare cost trend and mortality assumptions were updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption and mortality assumption was updated for the January 1, 2020 measurement date.

Changes of benefit terms are as follows:

- Effective January 1, 2022, firefighters are eligible for benefits after attainment of age 55 or completion of 25 years of service, if earlier.
- Each year's loss (gain) is recognized over a closed period, using the average of expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.