



YEAR ENDED DECEMBER 31, 2022



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

FAIRVIEW TOWNSHIP

YEAR ENDED DECEMBER 31, 2022

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Independent Auditor's Report

Board of Supervisors
Fairview Township
New Cumberland, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fairview Township as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 Fairview Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of historical pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fairview Township's basic financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Fairview Township. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brown Schultz Steidman & Fritz

Camp Hill, Pennsylvania
May 17, 2023

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2022

The Township of Fairview, York County (the Township) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Township's financial activity, (c) identify changes in the Township's financial position, (d) identify any material deviations from the financial plan and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Township's financial statements.

Highlights

Financial highlights:

- ◆ The Township's net position is stated at \$41,022,942 as of December 31, 2022. Net position decreased by \$746,529 in 2022.
- ◆ The total cost of all the Township's programs was \$10,752,386.
- ◆ During the year, the Township had expenses of \$10,752,386 from governmental activities, which was \$746,529 more than the \$10,005,857 generated in general revenues and program revenues.

Using this annual report

The annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township on a government-wide basis and present a longer term view of the Township's finances. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements report the Township's operations in more detail by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or custodian for the benefit of those outside of the government.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2022

Government-wide financial statements

The analysis of the Township as a whole begins on page 11. One of the most important questions asked about the Township's finances is, "Are the taxpayers of the Township, as a whole, better off or worse off as a result of the year's activities?"

The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in net position. You can think of the Township's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources - as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's property tax base or the condition of the Township's infrastructure, to assess the overall health of the Township.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022

Government-wide financial analysis

The following table reflects the condensed statements of net position:

Statements of Net Position

	<u>2022</u>	<u>2021</u>
Assets:		
Current assets	\$ 13,673,189	\$ 11,818,932
Noncurrent assets	<u>27,693,116</u>	<u>34,450,442</u>
Total assets	41,366,305	46,269,374
Deferred outflows of resources	<u>4,010,146</u>	<u>662,287</u>
Total assets and deferred outflows of resources	<u>\$ 45,376,451</u>	<u>\$ 46,931,661</u>
Liabilities:		
Current liabilities	\$ 1,797,986	\$ 915,614
Noncurrent liabilities	<u>1,458,093</u>	<u>1,046,141</u>
Total liabilities	3,256,079	1,961,755
Deferred inflows of resources	<u>1,097,430</u>	<u>3,200,435</u>
Total liabilities and deferred inflows of resources	<u>4,353,509</u>	<u>5,162,190</u>
Net position:		
Net investment in capital assets	27,388,627	28,388,166
Restricted	775,437	6,459,676
Unrestricted	<u>12,858,878</u>	<u>6,921,629</u>
Total net position	<u>41,022,942</u>	<u>41,769,471</u>
Total liabilities and net position	<u>\$ 45,376,451</u>	<u>\$ 46,931,661</u>

For more detailed information on the year ended December 31, 2022, see the statement of net position on pages 11 and 12.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022

Government-wide financial analysis (continued)

Statements of Activities

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 1,160,770	\$ 542,629
Operating grants and contributions	885,759	974,974
Capital grants and contributions	441,999	735,560
General revenues:		
Taxes	7,439,058	7,101,150
Cable TV franchise fees	281,788	280,182
Investment earnings	97,716	4,622
Miscellaneous	143,953	283,000
Gain (loss) on disposal of assets	(445,186)	10,156
Total revenues	10,005,857	9,932,273
Expenses:		
General government	763,570	621,388
Public safety	6,096,566	4,607,514
Health and welfare	17,781	11,746
Public works:		
Highways, roads and streets	3,371,154	2,971,350
Recycling center and leaf collection	267,501	213,489
Culture and recreation	234,490	240,580
Sewer	500	2,483
Refuse	824	526
Total expenses	10,752,386	8,669,076
Changes in net position	(746,529)	1,263,197
Net position:		
Beginning	41,769,471	40,506,274
Ending	\$ 41,022,942	\$ 41,769,471

For more detailed information on the year ended December 31, 2022, see the statement of activities on pages 13 and 14.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2022

Government-wide financial analysis (continued)

The Township's combined net position decreased to \$41,022,942 from \$41,769,471, primarily as a result of an increase in expenditures related to public safety, due to pension and other postemployment benefit investment losses in 2022 compared to 2021. The Township's combined unrestricted net position for governmental activities and business-type activities was \$12,858,878.

The Township's funds

Governmental funds:

At year end, the governmental funds reported a combined fund balance of \$11,704,644.

General fund budgetary highlights:

Over the course of the year, the Township monitors the Township's budget. No budget amendments were required. During the year, revenues exceeded budgetary estimates by \$1,712,796. Expenditures were more than budgetary estimates by \$323,521.

Capital asset and debt administration

Capital assets:

The investment in capital assets for governmental activities as of December 31, 2022, amounts to \$75,962,511, net of accumulated depreciation of \$48,573,584, leaving a net book value of \$27,388,627. This investment in capital assets includes land, buildings, improvements, equipment and infrastructure. Infrastructure assets are items that are normally immovable and of value only to the Township, such as roads, bridges, streets, drainage systems, lighting systems and similar items.

Actual expenditures to purchase or construct capital assets were \$1,125,692, and disposals were \$1,097,101. Depreciation charges for the year totaled \$1,660,645. Additional information on the Township's capital assets can be found in Note 9 to the financial statements of this report.

Economic factors and next year's budgets and rates

The Township's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates and fees that will be charged for the business-type enterprises. One of those factors is the economy.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2022

Economic factors and next year's budgets and rates (continued)

In the budget process, the Township attempts to predict the financial condition of the Township at the end of each fiscal year and in future years. Certain statistical tools are then used to develop a realistic picture of the income and expense for the coming year. Every effort is made to budget appropriate amounts for contingencies; however, no one can totally anticipate all unexpected occurrences that may arise after the formalization and adoption of an operational budget. Municipalities such as Fairview Township consistently monitor revenue and expenses to assure that income received by the Township meets the projections of the budget to ensure those services adopted in the budget are delivered. Minor adjustments, if required, are made during the year to reflect the changes in the income and subsequent expenditures.

Local Services Tax (LST)

The Local Services Tax is charged to all employees working within the Township with annual incomes in excess of \$12,000. The Township expects annual revenues from this tax to remain relatively stable in 2023 in comparison to 2022.

Franchise taxes

The Township currently collects cable television franchise fees from three cable companies operating within the Township. These funds are accounted for in the General Fund and are used for daily operating expenses.

Traffic impact fee

The Township passed an ordinance requiring that a transportation impact fee be imposed upon residential and non-residential, including commercial and industrial, development in order to assist in the financing of specified major transportation capacity improvements in a transportation service area. The ordinance was established to ensure that the transportation system is available and adequate to support new growth and development. The fees collected will be expended for costs for improvements attributable to new development and designated in the Transportation Capital Improvement Plan for improvements within the transportation service areas in which the new development is located. The transportation impact fees for transportation capital improvements shall be based upon the total costs of the road improvements included in the adopted Transportation Capital Improvements Plan within the transportation service areas. The amount of per-peak-hour-trip fee for Transportation Service Area 1 (TSA #1) shall be \$1,583; Transportation Service Area #2 (TSA #2) shall be \$1,964 and Transportation Service Area #3 (TSA #3) shall be \$0.

FAIRVIEW TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2022

Defined benefit pensions plans

As of December 31, 2022, the Nonuniformed Pension Plan had net pension assets of \$304,489, and the Police Pension Plan had net pension liability of \$132,810. The Township funds the pension plans annually with employee contributions and the minimum municipal obligation consisting of employer contributions and state aid. The Township contributed an amount equal to the minimum municipal obligation for the pension plans.

Postemployment medical benefit plans

As of December 31, 2022, the Police OPEB Plan had a net OPEB liability of \$590,762. As of December 31, 2022, the Nonuniformed OPEB Plan had a net OPEB liability of \$177,757.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances, and to show the Township's accountability for the monies it receives. If you have any questions about this report, or need additional information, contact Fairview Township at 599 Lewisberry Road, New Cumberland, PA 17070.

FAIRVIEW TOWNSHIP

STATEMENT OF NET POSITION – DECEMBER 31, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary government		
	Governmental activities	Business-type activities	Total
Current assets:			
Cash and investments	\$ 13,406,188	\$ 104,807	\$ 13,510,995
Taxes receivable	117,942		117,942
Other receivables		22,580	22,580
Prepaid expenses	21,672		21,672
Total current assets	13,545,802	127,387	13,673,189
Noncurrent assets:			
Net pension asset	304,489		304,489
Capital assets, net of depreciation and amortization:			
Land	542,800		542,800
Other capital assets	26,845,827		26,845,827
Total noncurrent assets	27,693,116		27,693,116
Deferred outflows of resources:			
For pensions	3,461,566		3,461,566
For other postemployment benefits	548,580		548,580
Total deferred outflows of resources	4,010,146		4,010,146
Total assets and deferred outflows of resources	\$ 45,249,064	\$ 127,387	\$ 45,376,451

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF NET POSITION – DECEMBER 31, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary government		
	Governmental activities	Business-type activities	Total
Current liabilities:			
Accounts payable and accrued expenses	\$ 171,750	\$ 30	\$ 171,780
Unearned revenue	819,557		819,557
Escrows payable	806,649		806,649
Total current liabilities	1,797,956	30	1,797,986
Noncurrent liabilities:			
Compensated absences	556,764		556,764
Net pension liability	132,810		132,810
Net postemployment benefits liability (other than pensions)	768,519		768,519
Total noncurrent liabilities	1,458,093		1,458,093
Total liabilities	3,256,049	30	3,256,079
Deferred inflows of resources:			
For pensions	845,225		845,225
For other postemployment benefits	252,205		252,205
Total deferred inflows of resources	1,097,430		1,097,430
Net position:			
Investment in capital assets	27,388,627		27,388,627
Restricted for:			
Pension asset	304,489		304,489
Street light	41,877		41,877
Highway aid	388,809		388,809
Fire hydrant fund	40,262		40,262
Unrestricted	12,731,521	127,357	12,858,878
Total net position	40,895,585	127,357	41,022,942
Total liabilities, deferred inflow of resources and net position	\$ 45,249,064	\$ 127,387	\$ 45,376,451

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/programs	Expenses	Program revenues			Net (expenses) 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	\$ 763,570	\$ 210,485			\$ (553,085)		\$ (553,085)
Public safety	6,096,566	927,975	\$ 269,687	\$ 23,081	(4,875,823)		(4,875,823)
Health and welfare	17,781				(17,781)		(17,781)
Public works:							
Highways, roads and streets	3,371,154		616,072	47,974	(2,707,108)		(2,707,108)
Recycling center and leaf collection	267,501			370,944	103,443		103,443
Culture and recreation	234,490	5,415			(229,075)		(229,075)
Total governmental activities	10,751,062	1,143,875	885,759	441,999	(8,279,429)		(8,279,429)
Business-type activities:							
Sewer	500	16,895				\$ 16,395	16,395
Refuse	824					(824)	(824)
Total business-type activities	1,324	16,895				15,571	15,571
Total primary government	\$ 10,752,386	\$ 1,160,770	\$ 885,759	\$ 441,999	(8,279,429)	15,571	(8,263,858)

(continued)

FAIRVIEW TOWNSHIP

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Functions/programs	Expenses	Program revenues			Net (expenses) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
General revenues:							
Taxes:							
Real estate					\$ 2,564,788		\$ 2,564,788
Real estate transfer					714,339		714,339
Earned income					3,607,972		3,607,972
Emergency services					545,140		545,140
Public utility					6,819		6,819
Cable TV franchise fees					281,788		281,788
Investment earnings					97,390	\$ 326	97,716
Miscellaneous					143,953		143,953
Loss on disposal of assets					(445,186)		(445,186)
Total general revenues					7,517,003	326	7,517,329
Changes in net position					(762,426)	15,897	(746,529)
Net position:							
Beginning					41,658,011	111,460	41,769,471
Ending					\$ 40,895,585	\$ 127,357	\$ 41,022,942

See notes to financial statements.

FAIRVIEW TOWNSHIP

BALANCE SHEET – GOVERNMENTAL FUNDS – DECEMBER 31, 2022

	General	Capital reserve fund	ARPA fund	Other governmental funds	Total governmental funds
ASSETS					
Cash and investments	\$ 3,864,782	\$ 6,133,345	\$ 819,586	\$ 2,588,475	\$ 13,406,188
Taxes receivable	116,553			4,553	121,106
Prepaid expenses	21,672				21,672
Total assets	\$ 4,003,007	\$ 6,133,345	\$ 819,586	\$ 2,593,028	\$ 13,548,966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 166,402	\$ 272		\$ 5,076	\$ 171,750
Unearned revenues			\$ 819,557		819,557
Escrow deposits	806,649				806,649
Total liabilities	973,051	272	819,557	5,076	1,797,956
Deferred inflows of resources, unavailable revenues	43,596			2,770	46,366
Fund balances:					
Nonspendable, prepaid expenses	21,672				21,672
Restricted:					
Street light fund				41,877	41,877
Highway aid fund				388,809	388,809
Fire hydrant fund				40,262	40,262
Committed:					
Capital reserve fund		6,133,073			6,133,073
Fire department				93,540	93,540
Capital projects fund				1,200,000	1,200,000
Employee benefits	1,706,982				1,706,982
LST tax fund				820,694	820,694
ARPA fund			29		29
Unassigned	1,257,706				1,257,706
Total fund balances	2,986,360	6,133,073	29	2,585,182	11,704,644
Total liabilities, deferred outflows of resources and fund balances	\$ 4,003,007	\$ 6,133,345	\$ 819,586	\$ 2,593,028	\$ 13,548,966

See notes to financial statements.

FAIRVIEW TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Total governmental fund balances	\$ 11,704,644
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,388,627
Net pension assets are not included in the governmental funds.	304,489
Net pension liabilities are not included in the governmental funds.	(132,810)
Net other postemployment benefits liability is not included in governmental funds.	(768,519)
Deferred outflows and deferred inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources:	
Related to pensions	3,461,566
Related to other postemployment benefits	548,580
Deferred inflows of resources:	
Related to pensions	(845,225)
Related to other postemployment benefits	(252,205)
Other assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds, taxes revenues, including outstanding delinquent taxes.	43,202
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(556,764)</u>
Net position of governmental activities	<u><u>\$ 40,895,585</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital reserve fund	ARPA fund	Other governmental funds	Total governmental funds
Revenues:					
Taxes	\$ 6,782,490			\$ 685,472	\$ 7,467,962
Licenses, permits and fees	305,939				305,939
Fines and penalties	68,159				68,159
Interest and rents	51,757	\$ 32,181		13,452	97,390
Intergovernmental revenue	317,975		\$ 370,944	626,987	1,315,906
Service fees	1,048,228				1,048,228
Contributions from private sector	3,863			14,808	18,671
Miscellaneous revenue	142,553			4,737	147,290
Total revenues	8,720,964	32,181	370,944	1,345,456	10,469,545
Expenditures:					
General government	670,989			1,269	672,258
Public safety	4,527,217			605,827	5,133,044
Health and welfare	17,781				17,781
Public works:					
Highways, roads and streets	1,770,693	380,660	126,280	693,616	2,971,249
Recycling center and leaf collection	252,438	54,878	186,225		493,541
Culture and recreation	203,690				203,690
Miscellaneous	5,671				5,671
Total expenditures	7,448,479	435,538	312,505	1,300,712	9,497,234
Excess (deficit) of revenues over (under) expenditures	1,272,485	(403,357)	58,439	44,744	972,311

(continued)

FAIRVIEW TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	General	Capital reserve fund	ARPA fund	Other governmental funds	Total governmental funds
Other financing sources (uses):					
Proceeds from sale of assets	\$ 19,400				\$ 19,400
Interfund transfers:					
Received		\$ 148,439		\$ 677,328	825,767
Expended	(190,000)		\$ (58,439)	(577,328)	(825,767)
Total other financing sources (uses)	(170,600)	148,439	(58,439)	100,000	19,400
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	1,101,885	(254,918)	-	144,744	991,711
Fund balances:					
Beginning of year	1,884,475	6,387,991	29	2,440,438	10,712,933
End of year	\$ 2,986,360	\$ 6,133,073	\$ 29	\$ 2,585,182	\$ 11,704,644

See notes to financial statements.

FAIRVIEW TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net changes in fund balances, total governmental funds	\$ 991,711
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Add, capital outlays, net of disposals	661,106
Deduct, depreciation expense	(1,660,645)
The change in value of the net pension asset is not reported in governmental funds.	(5,757,787)
The change in value of the net pension liability is not reported in governmental funds.	(132,810)
The change in the deferred outflows and inflows related to pensions is not reported in the governmental funds:	
Deferred outflows related to pensions	3,014,319
Deferred inflows related to pensions	2,291,204
The change in the deferred outflows and inflows related to OPEB is not reported in the governmental funds:	
Deferred outflows related to OPEB	333,540
Deferred inflows related to OPEB	(188,199)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, tax revenues. This amount results in an increase from the revenue previously unavailable.	(35,723)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds:	
Other postemployment benefits	(264,094)
Compensated absences	(15,048)
Changes in net position of governmental activities	<u><u>\$ (762,426)</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS – DECEMBER 31, 2022

	<u>Nonmajor proprietary funds</u>
ASSETS	
Current assets:	
Cash and investments	\$ 104,807
Accounts receivable	22,580
	<u> </u>
Total assets, all current	<u><u>\$ 127,387</u></u>
LIABILITIES AND NET POSITION	
Current liabilities, accounts payable	\$ 30
Net position, unrestricted	127,357
	<u> </u>
Total liabilities and net position	<u><u>\$ 127,387</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Nonmajor proprietary funds
Operating revenues, charges for services	<u>\$ 16,895</u>
Operating expenses, collection, disposal and treatment	<u>1,324</u>
Excess of operating revenues over expenses	15,571
Nonoperating revenues, earnings on temporary deposits and investments	<u>326</u>
Excess of revenues over expenses and nonoperating revenues	15,897
Net position:	
Beginning of year	<u>111,460</u>
End of year	<u><u>\$ 127,357</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Nonmajor proprietary funds</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 21,456
Payments to suppliers	<u>(1,463)</u>
Net cash provided by operating activities	19,993
Cash flows provided by investing activities, investment income	<u>326</u>
Net increase in cash and cash equivalents	20,319
Cash and cash equivalents:	
Beginning	<u>84,488</u>
Ending	<u><u>\$ 104,807</u></u>
Cash flows from operating activities:	
Excess of operating revenues over expenses	<u>\$ 15,571</u>
Adjustments:	
Decrease in assets, accounts receivable	4,561
Decrease in liabilities, accounts payable	<u>(139)</u>
Total adjustments	<u>4,422</u>
Net cash provided by operating activities	<u><u>\$ 19,993</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUND
DECEMBER 31, 2022

	<u>Custodial fund</u>
Assets, cash and cash equivalents	<u><u>\$ 618,353</u></u>
Liabilities, due to other governments	<u><u>\$ 618,353</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Custodial fund</u>
Total additions, real estate taxes	\$ 29,754,639
Total deductions, intergovernmental disbursements	<u>29,754,639</u>
Net increase	-
Net position:	
Beginning of year	<u>-</u>
End of year	<u><u>\$ -</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION – PENSION FUNDS
DECEMBER 31, 2022

	<u>Nonuniformed pension fund</u>	<u>Police pension fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 94,756	\$ 63,540	\$ 158,296
Investments	<u>9,306,674</u>	<u>12,003,456</u>	<u>21,310,130</u>
Total assets	<u>\$ 9,401,430</u>	<u>\$ 12,066,996</u>	<u>\$ 21,468,426</u>
Net position restricted for pensions	<u>\$ 9,401,430</u>	<u>\$ 12,066,996</u>	<u>\$ 21,468,426</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Nonuniformed pension fund</u>	<u>Police pension fund</u>	<u>Total</u>
Additions:			
Contributions:			
State aid and employer		\$ 138,131	\$ 138,131
Employee	\$ 477	66,078	66,555
Total contributions	477	204,209	204,686
Net investment loss	<u>(1,784,892)</u>	<u>(2,283,128)</u>	<u>(4,068,020)</u>
Total additions	<u>(1,784,415)</u>	<u>(2,078,919)</u>	<u>(3,863,334)</u>
Deductions:			
Benefit payments	427,034	602,201	1,029,235
Administrative expenses	10,597	11,004	21,601
Total deductions	<u>437,631</u>	<u>613,205</u>	<u>1,050,836</u>
Net decrease	<u>(2,222,046)</u>	<u>(2,692,124)</u>	<u>(4,914,170)</u>
Net position restricted for pensions:			
Beginning of year	<u>11,623,476</u>	<u>14,759,120</u>	<u>26,382,596</u>
End of year	<u>\$ 9,401,430</u>	<u>\$ 12,066,996</u>	<u>\$ 21,468,426</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION – POSTEMPLOYMENT FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Nonuniformed benefits fund</u>	<u>Police benefits fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 80,324	\$ 90,039	\$ 170,363
Investments	<u>948,896</u>	<u>1,035,198</u>	<u>1,984,094</u>
Total assets	<u>\$ 1,029,220</u>	<u>\$ 1,125,237</u>	<u>\$ 2,154,457</u>
Net position restricted for OPEB	<u>\$ 1,029,220</u>	<u>\$ 1,125,237</u>	<u>\$ 2,154,457</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – POSTEMPLOYMENT FUNDS
YEAR ENDED DECEMBER 31, 2022

	Nonuniformed benefits fund	Police benefits fund	Total
Additions:			
Contributions, employer	\$ 129,533	\$ 37,180	\$ 166,713
Net investment loss	(161,511)	(184,205)	(345,716)
Total additions	(31,978)	(147,025)	(179,003)
Deductions:			
Benefit payments	129,533	37,180	166,713
Administrative expenses	5,966	6,576	12,542
Total deductions	135,499	43,756	179,255
Net decrease	(167,477)	(190,781)	(358,258)
Net position restricted for OPEB:			
Beginning of year	1,196,697	1,316,018	2,512,715
End of year	\$ 1,029,220	\$ 1,125,237	\$ 2,154,457

See notes to financial statements.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies:

The financial statements of Fairview Township (the Township) have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of Fairview Township are described below.

Fairview Township is located in York County, Pennsylvania. It is a Township of the second class established in 1803 and operates under an elected five-member Board of Supervisors. The Township provides services in many areas to its residents, including building regulation, public safety, maintenance of streets and highways, recycling center and leaf collection, community enrichment programs and various general government services.

Reporting entity:

The Township defines its reporting entity based upon the criteria established by the GASB standards. The Township includes in its reporting entity organizations for which it is financially accountable and other organizations for which the nature and significance of the relationship with the Township is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. The Township is financially accountable to an organization if it appoints a voting majority of an organization's governing body and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the Township. The Township would include any organization fiscally dependent upon it.

The Fairview Township Fire Department (Fire Department) is included in these financial statements in other governmental funds based upon the criteria described above. During 2005, the Township acquired control over the operations of the Fire Department and became financially accountable for the financial matters of the organization. The majority of the assets titled to the Fire Department were transferred to the Township in previous years. The Fire Department has been reported as a blended component unit in the other governmental funds.

The Fairview Township Fire Department is an all-volunteer organization, which provides firefighting, education and prevention services to the residents of Fairview Township and surrounding areas. The Fire Department generates support and revenues from donations and fundraising events. A portion of the Local Services Tax, charged to all employees working within the Township, pays for operating expenses of the Fire Department. The Township employs paid drivers to support the firefighting activities of the Fire Department.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Reporting entity:

The Fairview Township Emergency Medical Services, Inc. (the EMS) provides advanced and basic life support services, as well as emergency and nonemergency medical transportation primarily to the residents of Fairview Township. The EMS generates support and revenues from billable service fees, membership dues and donations. The assets and liabilities of the EMS are not included in the financial statements.

Jointly governed organization:

The Township is a participant with other municipalities and school districts in the Cumberland County Tax Bureau (the Bureau). It is jointly governed by its participating members and is considered to be an internal service entity established to serve its member governmental units. The Bureau is a regional collector of local earned income tax and local services tax. The Bureau's operations are separated into three funds, two for tax receipts and distribution of such receipts and one for administration of the tax collection operation. The assets and liabilities of the Bureau are not included in the financial statements.

Basis of presentation:

Government-wide financial statements - The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Basis of presentation:

Fund financial statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual fund are at least 10% of the corresponding element total for all funds of that category or type; and
- b. Same element that met 10% criteria in a. is at least 5% of the corresponding element total for all funds combined.

The following paragraphs describe the fund accounting structure of the Township:

Governmental fund types - Governmental funds are those through which most governmental functions of the Township are financed.

Following are descriptions of the Township's governmental fund types:

General fund - The principal fund of the Township which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Township are financed through revenues of the General Fund.

Special revenue funds - Funds used to account for and report the proceeds of specific revenue sources (other than capital projects and debt service) that are restricted or committed for specified purposes.

Capital projects fund - Funds used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Basis of presentation:

Major and nonmajor funds - The funds are further classified as major or nonmajor as follows:

Major funds:

General fund - The principal fund of the Township which accounts for all financial transactions not accounted for in other funds.

Capital reserve fund - The Capital reserve fund has been committed by the Board of Supervisors to provide financial resources to be used for expenditure of capital outlays and the acquisition or construction of capital facilities. This fund is also to be used to subsidize other funds with deficit fund balances.

American Rescue Plan Act of 2021 (ARPA) fund - A fund established by the Board of Supervisors to maintain the ARPA funds received by the Township (see Note 15). In accordance with the standard allowance section of the American Rescue Plan Act of 2021, the revenues received by the Township are to be utilized for provisions of governmental services, caused by the reduction in the growth of Township revenues subsequently resulting from the COVID-19 pandemic. The funds have been committed by the Board of Supervisors for ongoing and future provisions of governmental services related to various capital projects.

Nonmajor funds:

Highway aid fund - The Highway aid fund is used to account for specific revenues that are restricted to the expenditures for the improvement and maintenance of the Township's roads, bridges, curbs and gutters. Restrictions for use of these funds are placed on them by the Commonwealth of Pennsylvania.

Street light fund - This fund is used to account for the assessment of fees, based on front footage of served lots, and their expenditure to provide street lighting. These revenues are restricted for the payment of street light costs.

Local Services Tax (LST) fund - The Township deposits the collections of LST into this fund. The tax is assessed at \$52 per eligible worker in the Township. The tax has been collected and segregated into this fund and committed by the Board of Supervisors to provide funds for emergency services within the Township.

Fire hydrant fund - This fund is used to account for the collections of a tax imposed on residents served by fire hydrants and the expenditure for fire hydrant water service. These revenues are restricted for the payment of hydrant costs.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Basis of presentation:

Nonmajor funds:

Fire service fund – The Township’s Board of Supervisors has committed resources to this fund to assist the volunteer fire company with its capital and operating expenditures. All expenditures from this fund require Township approval. On an annual basis, the Township commissions an audit of the volunteer fire company paid for from this fund. A copy of the audit is available at the Township’s office. During the year ended December 31, 2022, the fund was subsidized from revenues received from the LST fund.

Emergency Medical Services (EMS) fund - The Township’s Board of Supervisors has committed resources to this fund to assist the Township’s EMS Service with its capital and operating expenditures. All expenditures from this fund require Township approval. On an annual basis, the Township commissions an audit of the EMS service paid for from this fund. A copy of the audit is available at the Township’s office. During the year ended December 31, 2022, the fund was subsidized from revenues received from the LST fund.

Capital projects fund - The Capital projects fund has been committed by the Board of Supervisors to provide financial resources to be used for expenditure of capital outlays and the acquisition or construction of capital facilities. This fund is also to be used to subsidize other funds with deficit fund balances.

Fairview Township Fire Department - This is a blended component unit of the Township. The Fire Department provides fire fighting, education and protection services to the residents of Fairview Township. The Fire Department relies on donations from the public and a portion of the Local Services Tax, charged to all employees working within the Township.

Proprietary fund types - Proprietary fund types account for operations that are financed and operated in a manner similar to private business enterprises.

Enterprise funds - Enterprise funds are used to account for operations where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer fund - The Sewer fund is used to account for the financial transactions associated with the administration of the Township’s formerly owned sewer system.

Refuse fund - The Refuse fund is used to account for the financial transactions associated with the past due balances related to when the Township administered the billing for trash collections.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Basis of presentation:

Fiduciary fund types, trust funds - Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as a custodian. Trust funds of Fairview Township include pension and postemployment benefits trust funds and are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Fiduciary fund types - Fiduciary funds are used to account for assets held by the Township as a trustee or custodian for other funds or governmental entities.

Custodial funds - Trust funds are used to account for assets held by the Township in a trustee capacity or as a custodian for individuals, private organizations, other governments or other funds.

Police and Nonuniformed Pension funds - These trust funds are used to account for the retirement contributions of the Township and its employees. Pension trust funds are accounted for in a manner similar to Proprietary funds since capital preservation is critical.

Police and Nonuniformed Postemployment Benefit funds - These trust funds are used to account for postemployment benefit contributions of the Township and its retirees. Postemployment benefits funds are accounted for in a manner similar to Proprietary funds since capital preservation is critical.

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet in the funds' statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and proprietary funds' and fiduciary trust funds' financial statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position. They are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Basis of accounting:

The fund financial statements of the general, special revenue and capital projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. All budgets have been adopted on the modified-accrual basis of accounting for all governmental fund types. The material modifications of the modified accrual method from the accrual method are as follows:

- a. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or within 60 days after year end.

Licenses, permits and fines, rental income and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Intergovernmental revenues and investment income are recorded when earned since they are measurable and available. Real estate taxes which are uncollected or delinquent are recorded as receivables, net of the allowance for doubtful accounts. Current levies of taxes which are not available to finance current expenditures are recorded as unavailable revenues. Taxpayer assessed revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Unavailable revenues at December 31, 2022 consists of the following:

Unavailable revenues, real estate taxes:	
General fund	\$ 43,596
Street light fund	664
Fire hydrant fund	<u>2,106</u>
 Total unavailable revenues	 <u><u>\$ 46,366</u></u>

- b. Prepaid expenses are not recognized as such.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Tax revenue:

Real estate and delinquent per capita taxes are recorded at gross amounts collected, with expenses and commissions paid recorded as expenditures under general government. Real estate transfer, earned income, local services and delinquent real estate taxes are recorded at the net amount received from the collecting agency after deduction for fees and expenses.

Cash, cash equivalents and investments:

Cash and cash equivalents consist of cash on hand, short-term, highly liquid investments with an original maturity of three months or less, when purchased, maintained at a local financial institution and short-term investments held by Pennsylvania Local Government Investment Trust (PLGIT) with original maturities of three months or less. Investments are principally stated at quoted market values or principal stated values which approximate fair value.

Cash deposits and cash equivalents are reported at carrying amounts which reasonably approximate fair value.

Receivables:

Accounts receivable and taxes receivable determined as being uncollectible are accounted for via the direct write-off method. As of December 31, 2022, the Township believes all governmental accounts receivable are 100% collectible. Proprietary funds accounts receivable include prior year fees charged for sewer and refuse services and are recorded net of an allowance for uncollectible fees. As of December 31, 2022 the allowance for uncollectible fees was \$9,436 related to sewer fees and \$4,221 related to refuse fees.

Capital assets:

Capital assets, which include land, land improvements, buildings, machinery and equipment, sewer systems and infrastructure assets (e.g., roads), are reported in the government-wide financial statements. Infrastructure assets include Township-owned roads, traffic signals and storm sewers. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Capital assets:

All capital assets are depreciated, except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Township's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Capital assets estimated lives</u>
Buildings and improvements	40 years
Machinery and equipment	10 years
Vehicles	7 years
Infrastructure	25 - 50 years

Unearned revenues:

Unearned revenues consist of revenues received by the Township, although either the services were not performed, or the funds were not spent by the Township, as of the year ended.

Compensated absences:

The Township's policies regarding sick and vacation time permit employees to accumulate earned but unused sick and vacation leave. The liability for these compensated absences is recorded as long-term in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable in the near-term.

Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows or resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Fund balance classifications:

Government-wide statements:

Fund balance is classified as net position and displayed in three components:

- a. Investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "investment in capital assets."

Fund financial statements:

The Township follows GASB standards which provide clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- a. Nonspendable fund balances – Resources that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (such as permanent endowments)
- b. Restricted fund balances – Resources constrained by external parties such as creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through enabling legislation.
- c. Committed fund balances – Resources constrained by the Township's intent to use them for specific purposes such as capital improvement projects. There have been formal actions taken by the Township's Board of Supervisors to commit these funds for specific purposes.
- d. Assigned fund balances – Resources the Township intends to use for specific purposes. Intent can be expressed by the Township's Board of Supervisors or by an official or body to which the Township Board of Supervisors delegates the authority.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Fund balance classifications:

Fund financial statements:

- e. Unassigned fund balances – Resources that have not been restricted, committed or assigned for specific purposes. Accounts for funds not reported in other funds.

Proprietary fund equity is classified the same as in the government-wide statements.

Deferred outflows/inflows of resources:

The statement of net position reports a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent a consumption (outflows) or acquisition (inflows) of net position or fund balance that applies to future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until then. The Township reported both outflows of resources and inflows of resources related to its pensions and other postretirement plans.

The balance sheet – governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and so, will not be recognized as an inflow of resources (revenue) until that time. The Township has one type of item, unavailable tax revenues, which arise only under a modified accrual basis of accounting, which qualifies for reporting in this category.

Pending GASB statements:

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of GASB Statement No. 92 are effective for the Township's December 31, 2023 financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The provisions of GASB No.100 are effective for the Township's December 31, 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The provisions of GASB No. 101 are effective for the Township's December 31, 2024 financial statements.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

1. Nature of operations and summary of significant accounting policies (continued):

Pending GASB statements:

The effect of implementation of these statements on future years has not yet been determined.

2. Adoption of new accounting pronouncement:

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement changes accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective January 1, 2022, the Township adopted GASB Statement No. 87, *Leases*, using the retrospective method. There was no quantitative impact as a result of adopting this Statement to the Township's financial statements.

3. Deposits and investments:

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including the following:

- United States treasury bills
- Obligations of the United States government and federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of mutual funds whose investments are restricted to the above categories
- Repurchase agreements collateralized by United States treasury bills or federal agency securities
- Commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Bankers' acceptances that do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. Deposits and investments (continued):

- Negotiable certificates of deposit with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association or a state-licensed branch of a foreign bank.

The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes

Cash is maintained in either demand deposits or highly liquid money market funds and is captioned as cash in the financial statements. These amounts are stated at fair value. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those other municipal funds.

Custodial credit risk, deposits and investments:

For deposits, custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned to it. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investment or collateral security that is in the possession of an outside party. The Township's current investment policy requires that securities be held by custodians specified in the Township's investment program, and that there are written custodial agreements and commitments documenting collateral pledges. The policy also requires depository institutions to provide collateral for all deposits according to law.

As of December 31, 2022, \$3,945,216 of the Township's bank balance of \$4,288,756 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. This act requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

	<u>Fair value</u>
Deposits:	
Collateral held by the pledging bank under Act 72 but not in the Township's name	\$ 3,945,216
Insured by Federal Deposit Insurance Corporation	343,540
Outstanding checks	(373,105)
Petty cash	<u>450</u>
	3,916,101
Pennsylvania Local Government Investment Trust (PLGIT) AAAM	<u>10,213,247</u>
Total deposits	<u>14,129,348</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. Deposits and investments (continued):

Custodial credit risk, deposits and investments:

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

	Fair value
Investments:	
Cash and cash equivalents:	
Mellon Bank, temporary investments and deposits	\$ 111,343
Charles Schwab, temporary investments and deposits	46,953
PNC Institutional Investments, temporary investments and deposits	170,363
Total investments, cash and cash equivalents	328,659
Level 1:	
Mellon Bank:	
Fixed income, mutual funds	7,129,062
Equities, mutual funds	12,660,774
Charles Schwab, equities, mutual funds	1,520,294
PNC Institutional Investments:	
Fixed income:	
Treasury bonds	147,775
Agency bonds	117,206
Municipal bonds	27,644
Mutual funds	1,020,603
Equities:	
Exchange traded funds	439,583
Mutual funds	95,874
Total investments at Level 1	23,158,815
Level 2, PNC Institutional Investments, fixed income, corporate bonds	135,409
Total investments	23,622,883
Total deposits and investments	\$ 37,752,231
Reconciliation with financial statement amounts:	
Governmental funds	\$ 13,406,188
Business-type funds	104,807
Custodial fund	618,353
Postemployment benefit funds	2,154,457
Pension funds	21,468,426
	\$ 37,752,231

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. Deposits and investments (continued):

Custodial credit risk, deposits and investments:

In accordance with GASB standards, the Township categorizes the fair value of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Township does not have any investments that are measured using Level 3 inputs.

External investment pool:

The Township uses an external investment pool to ensure safety and maximize efficiency, liquidity and yield for Township funds. The external investment pool is valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of the securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities.

The Township has funds totaling \$10,213,247 invested in PLGIT. PLGIT separately issues audited financial statements that are available to the public via their website. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. At December 31, 2022, PLGIT carries an AAAM rating and has an average maturity of less than one year.

The Township has the following recurring amortized cost measurement as of December 31, 2022, including unfunded commitments and redemption terms as follows:

	Amortized cost	Unfunded commitments	Redemption frequency	Redemption notice period
Cash equivalents measured at amortized cost, external investment pool, PLGIT ¹	<u>\$ 10,213,247</u>	None	Weekly	5 days

¹ External investment pool: This type includes pooled investments in bank repurchase agreements, certificates of deposit, U.S. treasuries and U.S. government obligations. The fair value of the investments in this type have been determined using amortized cost, which approximates fair value. Distributions from the fund will be received as the underlying investments of the funds are liquidated, which is expected to occur weekly.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. Deposits and investments (continued):

Credit risk:

According to the Township's investment policy, the selection of depository institutions, brokers, custodians, investment advisors, local government investment pools and money market mutual funds are based on legality, performance, quality of service, creditworthiness, reputation and integrity. In addition, the investment companies used by the Township must be rated in the highest category by a nationally recognized rating agency.

At December 31, 2022, the Township's investments in fixed income securities, excluding fixed income mutual funds, were as follows:

	Rating	Fair value
Investments:		
PNC institutional investments,		
fixed income:		
Treasury bonds	AAA	\$ 147,775
Agency bonds	Unrated	117,206
Municipal bonds	A	27,644
Corporate bonds	AAA	1,974
Corporate bonds	AA	6,539
Corporate bonds	A	31,790
Corporate bonds	BAA	95,106
Total investments		\$ 428,034

Concentration of credit risk:

The Township places no limit on the amount of the Township may invest in any one issuer. At December 31, 2022, the majority of the Township's pensions and OPEB investments are held in mutual funds form and, therefore, are not exposed to concentration of credit risk. Of the investments not held in mutual funds, 13% of the nonuniformed OPEB plan and 13% of the police OPEB plan are held in United States Treasury Notes.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. Deposits and investments (continued):

Interest rate risk:

The Township has a formal investment policy that permits investments as authorized by law and requires that maturities of investments are consistent with cash flow requirements. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following is a schedule of the Township's investments in fixed income securities, excluding fixed income mutual funds, and their related average maturities:

	Fair value	Maturities		
		1 to 5 years	6 to 10 years	Greater than 10 years
Investments:				
PNC institutional investments, fixed income:				
Treasury bonds	\$ 147,775	\$ 79,396	\$ 14,108	\$ 54,271
Agency bonds	117,206		5,034	112,172
Municipal bonds	27,644		27,644	
Corporate bonds	135,409	51,038	52,586	31,785
 Total investments	 \$ 428,034	 \$ 130,434	 \$ 99,372	 \$ 198,228

Foreign currency risk:

The Township invested in international equities in their pension and OPEB plans, which contains foreign currency risk. The Township's balance at December 31, 2022 in international equities was approximately \$5,266,000.

4. Property taxes and assessments:

Real estate and fire hydrant taxes:

The Township's property and fire hydrant taxes are levied each February 15 on the assessed value as of January 1 as maintained by York County. Real property taxes are assessed on all nonexempt real property located in the Township. The fire hydrant tax is assessed on those residents owning real property in the Township within 780 feet of a fire hydrant. The millage rates for 2022 were: 1.75 mills - real estate for general purposes and .09 mills - fire hydrant.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

4. Property taxes and assessments (continued):

Street light assessments:

The Township's street light assessment is levied each February 15 and is based on the road frontage footage of nonexempt property served by street lights. The assessment rates for the year ended December 31, 2022 were 13.0 cents/foot for unimproved and 47.0 cents/foot for improved road frontage.

Real estate and fire hydrant taxes and street light assessments attach as an enforceable lien on property on January 1 and are collected by an elected tax collector. Taxes paid through April 15 are given a 2% discount. Taxes paid after June 15 are charged a 10% penalty. Delinquent real estate taxes are collected by York County. Delinquent fire hydrant taxes and street light assessments are collected by the Township or elected tax collector.

5. Defined benefit pension plans:

Plan descriptions:

Fairview Township employees are covered under one of two defined benefit pension plans administered by the Township as a single-employer public employee retirement system (PERS). The employees are covered according to their occupation in either the Nonuniformed or Police Pension Plans. The plans are controlled by the provisions of the Township ordinances and Collective Bargaining Agreement adopted pursuant to Act 600 as enacted by the Pennsylvania legislature in 1988. The Township has delegated the authority to manage plan assets to Mellon Bank and Charles Schwab as trustees of the Nonuniformed Pension Plan assets and Mellon Bank as trustee of the Police Pension Plan assets. The respective plan assets may be used only for the payment of benefits to members and plan expenses, in accordance with the terms of the plan. The plans provide retirement, disability and death benefits to plan members and their beneficiaries.

The Township, by ordinance, has established a Police Pension Board to administer the Police Pension Plan and a separate Nonuniformed Pension Plan Board to administer the Nonuniformed Pension Plan.

The Police Pension Board shall consist of five members appointed by the Board of Supervisors, at least two of whom shall be duly elected or appointed Supervisors serving in such position, and at least two of whom shall be police officers, excepting the Chief of Police, in the active employment of the Township and duly elected by the police officers of Fairview Township. The fifth person appointed to the Board shall be a person mutually agreeable to the Board of Supervisors and the police officer representatives on the Board.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Plan descriptions:

The Nonuniformed Pension Board shall consist of five members appointed by the Board of Supervisors, at least two of whom shall be duly elected or appointed Supervisors serving in such position, and at least two of whom shall be nonuniform employees, in the active employment of the Township and duly elected by the nonuniform employees of Fairview Township. The fifth person appointed to the Board shall be a person mutually agreeable to the Board of Supervisors and the nonuniform employees' representatives on the Board.

As of December 31, 2022, participation in the respective plans is as follows:

Nonuniformed Pension Plan:

Retirees and beneficiaries currently receiving benefits	19
Terminated employees entitled to deferred benefits	10
Active members	<u>19</u>

Total	<u><u>48</u></u>
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Police Pension Plan:

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to deferred benefits	1
Active members	<u>18</u>

Total	<u><u>34</u></u>
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FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Plan descriptions:

A summary of employee eligibility requirements and benefits as of December 31, 2022 is as follows:

	Nonuniformed	Police
a. Covered employees	All full-time nonuniformed employees	All full-time police
b. Eligibility for benefits	A Class 2 employee is eligible for normal retirement after age 65, or age 60 and completion of 25 years of service. A Class 1 employee is eligible for normal retirement after age 60, or completion of 25 years of service.	After age 50 and completion of 25 years of service
c. Monthly pension benefit	Equal to 2.00% of average monthly pay times the number of years of service completed up to a maximum of 25 years. Those hired prior to January 1, 2001, 1.50% of average monthly pay times the number of years of service. Service increment of \$100 per month for members who complete 25 or more years of service, with maximum of \$300 additional per month. Average monthly pay is based upon the final plan year preceding retirement for employees hired before July 1, 2014. Average monthly pay is based upon the last 36 months of employment for employees hired on or after July 1, 2014.	Equal to 50% of average monthly pay, plus a service increment of \$100 per month for members who complete 26 or more years of service, with maximum of \$300 additional per month. Average monthly pay is based upon the last 36 months of employment.
d. Vesting	Immediate 100% for employees hired before July 1, 2014. Vest upon completion of five years of service if hired after July 1, 2014.	Upon completion of 12 years of service.
e. Disability retirement	If an active member becomes totally and permanently disabled, he is eligible for a disability pension. The monthly disability pension is equal to the benefit accrued to the date of disability.	If an active member is disabled in the line of duty, he is eligible for a disability pension. The monthly disability pension is equal to 75% of the member's monthly salary at the time the disability was incurred.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Plan descriptions:

	Nonuniformed	Police
f. Death benefits	The preretirement death benefit for a member is a refund of his contributions with interest.	If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.
g. Deferred retirement option program	An active member hired on or before August 29, 2011, who has met the eligibility requirements for normal retirement may elect to participate in the deferred retirement option program for a period of not less than three months nor more than 24 months. His monthly pension shall be calculated as of his date of participation in the deferred retirement option program and shall be accumulated with 5.0% interest per annum and distributed in a lump sum at retirement.	An active member who has met the eligibility requirements for normal retirement may elect to participate in the deferred retirement option program for a period of not less than three months nor more than 24 months. His monthly pension shall be calculated as of his date of participation in the deferred retirement option program and shall be accumulated with interest earned on the deferred retirement option program account and distributed in a lump sum at retirement.
h. Purchase of military service credits	N/A	Non-intervening military service credits may be purchased for each year of military service, up to a maximum of five years.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Funding policy:

Plan members are required to contribute a percentage of gross wages to the Nonuniformed and Police Pension Plans. These member requirements are reviewed and approved annually by the Township. The Township is required to fund the plans based upon actuarially determined minimum funding standards. The minimum funding standards were mandated by Act 205, enacted by the Pennsylvania legislature on December 18, 1984. The minimum funding requirement includes normal cost and administrative expenses and amortization costs of the unfunded actuarial accrued liability. The act also provides state aid to assist municipalities in meeting their minimum funding requirements. Any remaining minimum funding obligations are paid from the General Fund of the Township.

Funding of the respective plans was provided as follows for 2022:

Description	Nonuniformed pension plan **	Police pension plan *
Annual covered payroll	\$ 1,208,504	\$ 1,691,954
Employee contribution rate	N/A **	4.0% of gross wages *
Employee contributions paid in 2022	\$ 477	\$ 66,078
State aid and employer contributions paid in 2022		\$ 138,131
Total contributions made as a percentage of payroll	0.0%	12.1%

* Effective January 1, 2014, members contribute 4.0% of compensation.

** Effective January 1, 2022, member contributions are suspended. Past member contributions are credited with 5.0% annual interest.

Net pension assets:

The net pension assets were measured as of December 31, 2022, and the total pension liabilities were determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Actuarial assumption:

The total pension liabilities in the January 1, 2021 actuarial valuations were determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	5.00%	(average, including inflation)
Investment rate of return	7.00%	(including inflation)
Postretirement cost of living increase	3.00%	

Mortality rates were based on the PubS-2010 mortality table for the police pension plan and PubG-2010 mortality table for the nonuniform pension plan. Both tables include rates for disabled retirees and contingent survivors. Incorporated into the tables are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	50%	5.5% - 7.5%
International equity	10%	4.5% - 6.5%
Fixed income	40%	1.0% - 3.0%

Discount rate:

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Changes in the nonuniformed net pension asset:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension asset (a) - (b)
Balances at January 1, 2022	\$ 8,703,881	\$ 11,623,476	\$(2,919,595)
Service cost	210,999		210,999
Interest cost	609,095		609,095
Contributions, members		477	(477)
Net investment loss		(1,784,892)	1,784,892
Benefit payments, including refund of member contributions	(427,034)	(427,034)	-
Administrative expense		(10,597)	10,597
Net changes	393,060	(2,222,046)	2,615,106
Balance at December 31, 2022	<u>\$ 9,096,941</u>	<u>\$ 9,401,430</u>	<u>\$ (304,489)</u>

Sensitivity of the nonuniformed net pension (asset) liability to changes in the discount rate:

The following presents the net pension (asset) liability of the plan, calculated using the discount rate of 7.00%, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1.00% point lower or 1.00% point higher than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Plan's net pension (asset) liability	<u>\$ 764,521</u>	<u>\$ (304,489)</u>	<u>\$(1,205,045)</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Changes in the police net pension (asset) liability:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)
Balances at January 1, 2022 ¹	\$ 11,616,439	\$ 14,759,120	\$ (3,142,681)
Service cost	383,447		383,447
Interest cost	802,121		802,121
Contributions:			
Employer		138,131	(138,131)
Members		66,078	(66,078)
Net investment loss		(2,283,128)	2,283,128
Benefit payments, including refund of member contributions	(602,201)	(602,201)	-
Administrative expense		(11,004)	11,004
Net changes	583,367	(2,692,124)	3,275,491
Balance at December 31, 2022 ¹	\$ 12,199,806	\$ 12,066,996	\$ 132,810

¹ Includes DROP account balances of \$74,618 at December 31, 2021 and \$0 at December 31, 2022.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Sensitivity of the police net pension (asset) liability to changes in the discount rate:

The following presents the net pension (asset) liability of the plan, calculated using the discount rate of 7.00%, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1.00% point lower or 1.00% point higher than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Plan's net pension (asset) liability	\$ 1,803,884	\$ 132,810	\$(1,238,997)

Pension expense – Nonuniformed Pension Plan:

Service cost	\$ 210,999
Interest on the total pension liability	609,095
Differences between expected and actual experience ¹	(349,087)
Changes of assumptions ¹	124,475
Member contributions	(477)
Projected earnings on pension plan investments	(798,343)
Difference between projected and actual earnings on investments ²	395,027
Pension plan administrative expense	10,597
Total pension expense	\$ 202,286

¹ Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

² Each year's gain or loss is recognized over a five-year period.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Pension expense – Nonuniformed Pension Plan:

At December 31, 2022, the Township reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources	Net total
Difference between expected and actual experience		\$ 304,560	\$ (304,560)
Changes of assumptions	\$ 71,507		71,507
Difference between projected and actual investment earnings	1,386,572		1,386,572
Total	\$ 1,458,079	\$ 304,560	\$ 1,153,519

Amounts reported as deferred outflows and inflows of resources related to pensions will be included in the pensions as follows:

Year ended	Net amortization
2022	\$ 65,286
2023	218,033
2024	353,552
2025	516,648
	\$ 1,153,519

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Pension expense – Police Pension Plan:

Service cost	\$ 383,447
Interest on the total pension liability	802,121
Differences between expected and actual experience ¹	(163,736)
Changes of assumptions ¹	64,050
Member contributions	(66,078)
Projected earnings on pension plan investments	(1,018,824)
Difference between projected and actual earnings on investments ²	508,932
Pension plan administrative expense	<u>11,004</u>
Total pension expense	<u><u>\$ 520,916</u></u>

¹ Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

² Each year's gain or loss is recognized over a five-year period.

At December 31, 2022, the Township reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Net total</u>
Difference between expected and actual experience		\$ 540,665	\$ (540,665)
Changes of assumptions	\$ 187,214		187,214
Difference between projected and actual investment earnings	<u>1,816,273</u>		<u>1,816,273</u>
Total	<u><u>\$ 2,003,487</u></u>	<u><u>\$ 540,665</u></u>	<u><u>\$ 1,462,822</u></u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Pension expense – Police Pension Plan:

Amounts reported as deferred outflows and inflows of resources related to pensions will be included in the pensions as follows:

<u>Year ended</u>	<u>Net amortization</u>
2023	\$ 72,014
2024	305,843
2025	549,804
2026	631,539
2027	(48,189)
thereafter	<u>(48,189)</u>
	<u><u>\$ 1,462,822</u></u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Investments:

Investments are purchased by the trustee as part of the Pension Trust Funds. The investments are stated at fair value as of December 31, 2022 and consist of the following:

	Cost	Fair value
Nonuniformed pension:		
Mellon Bank, temporary investments and deposits	\$ 47,803	\$ 47,803
Charles Schwab, temporary investments and deposits	46,953	46,953
Level 1:		
Mellon Bank:		
Fixed income	2,628,590	2,805,003
Equities	4,017,091	4,981,377
Charles Schwab, mutual funds	1,442,064	1,520,294
	8,182,501	9,401,430
Police pension:		
Mellon Bank, temporary investments and deposits	63,540	63,540
Level 1:		
Mellon Bank:		
Fixed income	4,091,820	4,324,059
Equities	6,250,054	7,679,397
	10,405,414	12,066,996
Investments, pension	\$ 18,587,915	\$ 21,468,426

The pension trust investments are uninsured, unregistered and uncollateralized. The investments are only as secure as the underlying securities themselves.

Investment policy:

The assets of the pension plans will be invested in a manner consistent with the following considerations: a) the safeguards and diversity to which a prudent investor would adhere must be present and b) all transactions undertaken on behalf of the plans must be for the sole benefit of plan participants and their beneficiaries.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Investment policy:

The following characteristics are expected to be associated with the plans and will be viewed as guidelines for management of investments.

Objective:

The investment objective will be to obtain a return commensurate with the level of assumed risk as indicated by these investment guidelines.

Asset mix/investment management:

The following will represent the target allocation of asset classes described. The Bank of New York Mellon will be expected to manage the total Police Pension Plan portfolio and a portion of the Nonuniformed Pension Plan portfolio in accordance with these target allocations. Each asset class will be actively managed to provide incremental returns relative to appropriate market benchmarks.

	<u>Target allocation</u>
Equities:	
Large capitalization stocks	20 %
Small/mid capitalization stocks	16
International equities	<u>24</u>
	60
Fixed income, core bonds	<u>40</u>
Total	<u><u>100 %</u></u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. Defined benefit pension plans (continued):

Investment policy:

Asset mix/investment management:

A portion of the Nonuniformed Pension Plan’s assets are managed through Conrad Siegel Investment Advisors, which are being held by Charles Schwab. The investment objectives are the same as stated above. The asset allocation is as follows:

	<u>Target allocation</u>
Fixed income	35 %
Equities	<u>65</u>
Total	<u><u>100 %</u></u>

The investment policy remains in effect until revoked or changed by the respective pension boards. There were no changes in policy for 2022.

The following is a summary of the Nonuniformed Pension Plan’s net dollar-weighted rates of investment return for the past ten calendar years on a market value basis:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Market value of assets	16.3%	7.7%	0.9%	6.8%	16.5%	(7.5)%	19.4%	14.6%	10.9%	(15.2)%

The following is a summary of the Police Pension Plan’s net dollar-weighted rates of investment return for the past ten calendar years on a market value basis:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Market value of assets	16.5%	8.0%	1.1%	6.2%	16.9%	(7.7)%	19.6%	14.9%	10.6%	(15.1)%

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

6. Compensated absences:

The Township allows nonuniformed and uniformed employees to accumulate unused sick leave to a maximum of 180 days. The Township allows nonuniformed and police employees to accumulate vested unused vacation time to a maximum of 50 days. Upon retirement, the vested unused vacation time is paid to the stated maximums. Sick leave is vested and paid upon retirement for nonuniformed employees in accordance with Township policy and to police officers at 50% of all accumulated sick leave upon retirement under the collective bargaining agreement.

For nonuniformed employees hired after August 29, 2011, the Township allows those employees to accumulate unused sick leave to a maximum of 120 days and to accumulate unused vacation leave to a maximum of 5 days. Upon retirement, the accumulated unused sick leave is paid out at 50% in accordance with Township policy.

As of December 31, 2022, the liability for vested unused vacation and sick leave is \$556,764. These amounts include payroll related tax liabilities.

7. Commitments and contingencies:

The Township's police force is covered by a collective bargaining agreement. During 2018, the Township and the police officers agreed to a new collective bargaining agreement covering January 1, 2019 through December 31, 2022. During 2022, the Township and the police officers agreed to a new collective bargaining agreement covering January 1, 2023 through December 31, 2027.

The Township requires developers to obtain letters of credit and escrow agreements to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should a default occur, it may be necessary for the Township to take over the defaulted project.

Outstanding escrow deposits at December 31, 2022 are \$806,649.

During the normal course of performing its duties to the general public which it serves, the Township is subject to numerous threatened lawsuits and complaints. The Township has notified its insurance carrier and turned these matters over to the insurance carrier. It is the belief of legal counsel that any loss will be covered by insurance.

During 2017, the Township entered into an intergovernmental cooperation agreement for the implementation of the York County regional Chesapeake Bay pollutant reduction plan. This cooperative was formed to comply with the Pennsylvania Department of Environmental Protection MS4 permit regarding stormwater discharges. Participants share in the cost to implement Best Management Practices that are designated to control stormwater and improve water quality. The term of the agreement began on September 16, 2017 and will end on December 31, 2023. Contributions are due annually based on a cost sharing formula. During 2022, the Township made their annual contribution of \$194,501.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

8. 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. The Township maintains commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

The Township participates in a self-funded trust with other municipalities to provide medical benefits to employees and retirees. Under the trust plan, the Township pays reasonable and customary healthcare expenses. For the year ended December 31, 2022, the Township paid premiums of \$715,706. Actual claims paid for the year ended December 31, 2022 were \$1,071,383 less reimbursements of \$359,195. The Township also incurred a shared cost of \$139 and is anticipating a refund of \$3,380.

9. Reservations of fund balances and net position:

Reservations of fund balances and net position as of December 31, 2022 are not appropriable for expenditure, or are legally segregated for specific purposes as follows:

General Fund (listed as committed funds by Board of Supervisors):

Compensated absences, Township employees	\$ 1,567,025
Pooled sick days, police	<u>139,957</u>

\$ 1,706,982

Postemployment benefits trust funds, healthcare benefits	<u>\$ 2,154,457</u>
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Pension trust funds, employee benefits	<u>\$ 21,468,426</u>
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FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

10. Capital assets:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital assets not being depreciated, land	\$ 542,800			\$ 542,800
Capital assets being depreciated:				
Vehicles and equipment	8,942,276	\$ 444,586	\$ (756,225)	8,630,637
Buildings and improvements	10,073,549	81,326	(162,679)	9,992,196
Roads, traffic signals and storm sewers	56,374,995	599,780	(178,197)	56,796,578
Total capital assets being depreciated	75,390,820	1,125,692	(1,097,101)	75,419,411
Less accumulated depreciation:				
Vehicles and equipment	6,266,562	688,927	(581,716)	6,373,773
Buildings and improvements	1,856,330	172,503	(5,507)	2,023,326
Roads, traffic signals and storm sewers	39,422,562	799,215	(45,292)	40,176,485
Total accumulated depreciation	47,545,454	1,660,645	(632,515)	48,573,584
Capital assets, net	\$ 28,388,166	\$ (534,953)	\$ (464,586)	\$ 27,388,627

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 52,484
Public safety	559,776
Public works:	
Highways and streets	985,453
Recycling center and leaf collection	30,700
Recreation	32,232
Total depreciation expense	\$ 1,660,645

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits:

The Township applies GASB standards for the measurement, recognition and reporting of expenditures for postemployment benefits (OPEB) other than pensions and the related liabilities in the financial reports of state and local governmental employers. OPEB costs are recognized in the government-wide statements when the employee-related services are received by the employer rather than when the benefits are paid.

Plan descriptions:

In addition to the pension benefits described in Note 4, the Township has two single-employer, defined benefit other postemployment benefit (OPEB) plans covering its full-time nonuniformed employees and police officers through its group health insurance plan. The plans do not have separately issued financial reports. The plans are administered by PNC Institutional Investments. The plans' benefit provisions and all other requirements are established through negotiations between the Township and the Union representing the nonuniformed employees and police officers. Collective bargaining agreements, which require Board approval, are the authority under which benefit provisions are established or may be amended. The negotiated benefit provisions are detailed in the following paragraphs.

Plan membership:

At December 31, 2022, the Nonuniformed and Police OPEB Plan membership consisted of the following (actual number of plan members):

	<u>Nonuniformed OPEB Plan</u>	<u>Police OPEB Plan</u>
Active members	10	18
Retired participants	<u>6</u>	<u>1</u>
Total	<u><u>16</u></u>	<u><u>19</u></u>

Contributions and benefits:

The Township's contribution is based on actuarially determined amounts. For the year ended December 31, 2022, the Township contributed \$129,533 and \$37,180 to the Nonuniformed and Police OPEB Plan, respectively.

Collective bargaining agreements, which require Board approval for establishment or amendments, are the authority which obligates the Township and others to contribute to the plans.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Contributions and benefits:

Nonuniformed OPEB Plan:

Nonuniformed employees hired prior to August 29, 2011 and their spouses, are eligible for postemployment medical benefits including, medical, prescription drug and dental insurance, upon retirement after attainment of age 65 and completion of 12 years of service or after attainment of age 60 and completion of 25 years of service, if earlier. Benefits shall extend for eight years from the date of the employee's retirement and shall only be provided if the employee certifies in writing, on or before the anniversary date of his/her retirement, that he or she is not eligible for coverage under any other employer-sponsored healthcare plan, including a plan sponsored by the employer of his or her spouse. Further, for spousal coverage, the employee must be legally married to his/her spouse at the time of retirement. An employee must choose and be eligible for this benefit at the time of his or her retirement. Nonuniformed employees hired on or after August 29, 2011 are not eligible for postemployment benefits.

Police OPEB Plan:

Police officers and their spouses, are eligible for postemployment medical benefits including, medical, prescription drug and dental insurance, upon retirement after attainment of age 50 and completion of 25 years of service or due to a service related disability. Benefits will be paid for a period of eight years from the date of the officer's retirement. The officer may not be eligible for medical coverage from any other employer-sponsored healthcare plan, including a plan sponsored by the employer of their spouse.

Effective January 1, 2012, all police officers hired in 2012 or later will be required to contribute 40% of medical insurance premiums during retirement. For the year ended December 31, 2022, there were no plan member contributions to the Police OPEB Plan.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Net OPEB liability:

The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2021. Updated procedures were used to roll forward to the plan's year ended December 31, 2022. No other significant events or changes in assumptions occurred between the valuation date and the year end. The components of the net OPEB liability of the Township as of December 31, 2022 were as follows:

	Nonuniformed OPEB Plan	Police OPEB Plan	Total
Total OPEB liability	\$ 1,206,977	\$ 1,715,999	\$ 2,922,976
Plan fiduciary net position	1,029,220	1,125,237	2,154,457
Net OPEB liability	\$ 177,757	\$ 590,762	\$ 768,519
Plan fiduciary net position as a percentage of the total OPEB liability	85.27%	65.57%	73.71%

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Changes in net OPEB liability:

The changes in the nonuniformed net OPEB liability for the Township for the year ended December 31, 2022 were as follows:

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Balances at January 1, 2022	\$ 1,313,929	\$ 1,196,697	\$ 117,232
Service cost	40,942		40,942
Interest ²	57,812		57,812
Changes of assumptions ¹	(76,173)		(76,173)
Contributions, employer		129,533	(129,533)
Net investment losses		(161,510)	161,510
Benefit payments ²	(129,533)	(129,533)	-
Administrative expense		(5,967)	5,967
Net changes	(106,952)	(167,477)	60,525
Balance at December 31, 2022	<u>\$ 1,206,977</u>	<u>\$ 1,029,220</u>	<u>\$ 177,757</u>

Notes to schedule:

Changes in assumptions:

The trend and mortality improvement scale were updated.

Changes in benefit terms:

¹ Each year's gain or loss is recognized over a closed period, using the average of the 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.

² These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Changes in net OPEB liability:

The changes in the police net OPEB liability for the Township for the year ended December 31, 2022 were as follows:

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Balances at January 1, 2022	\$ 1,703,211	\$ 1,316,018	\$ 387,193
Service cost	114,059		114,059
Interest ²	80,871		80,871
Changes of assumptions ¹	(144,962)		(144,962)
Contributions, employer		37,180	(37,180)
Net investment losses		(184,205)	184,205
Benefit payments ²	(37,180)	(37,180)	-
Administrative expense		(6,576)	6,576
Net changes	12,788	(190,781)	203,569
Balance at December 31, 2022	<u>\$ 1,715,999</u>	<u>\$ 1,125,237</u>	<u>\$ 590,762</u>

Notes to schedule:

Changes in assumptions:

The trend and mortality improvement scale were updated.

Changes in benefit terms:

¹ Each year's gain or loss is recognized over a closed period, using the average of the 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.

² These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Actuarial assumption:

Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry age normal
Actuarial value of assets	Market value of assets
Rates:	
Inflation rate	3.00%
Long-term expected rate of return:	
Fixed income	1.00% - 3.00%
Equities	5.50% - 7.50%
Salary increase	5.00%
Discount rate	5.42%
Health care costs trend rate	6.5% in 2022, 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Retirement	Police officers are assumed to elect the DROP benefit for 24 months upon the later of attainment of age 50 and completion of 25 years of service. Nonuniformed employees are assumed to retire upon the attainment of age 65, or earlier, elect the DROP benefit for 24 months upon the later of attainment of age 60 and completion of 25 years of service.
Mortality	PubS-2010 for Police and PubG-2010 for Non-Uniform, including rates for disabled retirees and contingent survivors. Incorporated into the tables are rates project generationally using Scale MP-2021 to reflect morality improvement.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Actuarial assumption:

Insurance premiums:

Age adjustments (Medical/Rx)

Age	Males	Females
<25	\$ 3,638	\$ 8,190
25-29	4,377	10,924
30-34	4,951	11,079
35-39	6,002	11,507
40-44	7,334	12,393
45-49	9,416	13,599
50-54	12,470	15,369
55-59	15,189	16,082
60-64	19,820	18,474
65+	6,580	6,580

Dental

Coverage	Premium
Single	\$ 330
Family	1,039

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

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	75%	1.0% - 3.0%
Equities	25%	5.5% - 7.5%

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Actuarial assumption:

Discount rate:

The discount rate used to measure the total OPEB liability was 5.42%, based upon the expected rate of return, net of expected investment expenses. The OPEB plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The employer's funding policy is to fund actuarially determined employer contribution each year.

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the plan, calculated using the discount rate of 5.42%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% point lower or 1.00% point higher than the current rate:

	1% Decrease (4.42%)	Current discount rate (5.42%)	1% Increase (6.42%)
Nonuniformed net OPEB liability	\$ 249,836	\$ 177,757	\$ 109,575
Police net OPEB liability	746,813	590,762	448,459

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.5% decreasing to 3.1%) or one percentage point higher (7.5% decreasing to 5.1%) than the current healthcare cost trend rates:

	Health cost trend rates		
	1% Decrease 5.5% decreasing to 3.1%	Current healthcare cost trend 6.5% decreasing to 4.1%	1% Increase 7.5% decreasing to 5.1%
Nonuniformed net OPEB liability	\$ 69,320	\$ 177,757	\$ 301,160
Police net OPEB liability	377,587	590,762	841,190

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

OPEB expense:

The OPEB expense for the Township for the year ended December 31, 2022 was as follows:

	Nonuniformed OPEB Plan	Police OPEB Plan	Total
Service cost	\$ 40,942	\$ 114,059	\$ 155,001
Interest on the total OPEB liability	57,812	80,871	138,683
Expected investment earnings	(68,639)	(75,482)	(144,121)
Amortization of deferred outflows	69,847	79,541	149,388
Amortization of deferred inflows	2,169	(28,196)	(26,027)
OPEB plan administrative expense	5,966	6,576	12,542
Total pension expense	<u>\$ 108,097</u>	<u>\$ 177,369</u>	<u>\$ 285,466</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Deferred outflows and inflows of resources:

At December 31, 2022, deferred outflows and inflows of resources related to the OPEB plans are from the following source:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Net total</u>
Nonuniformed:			
Changes of assumptions		\$ 60,272	\$ (60,272)
Difference between:			
Expected and actual experience	\$ 123,011		123,011
Projected and actual investment earnings	<u>199,715</u>		<u>199,715</u>
Total nonuniformed	<u>\$ 322,726</u>	<u>\$ 60,272</u>	<u>\$ 262,454</u>
Police:			
Changes of assumptions		\$ 136,939	\$ (136,939)
Difference between:			
Expected and actual experience		54,994	(54,994)
Projected and actual investment earnings	<u>\$ 225,854</u>		<u>225,854</u>
Total police	<u>\$ 225,854</u>	<u>\$ 191,933</u>	<u>\$ 33,921</u>
Grand total:			
Changes of assumptions		\$ 197,211	\$ (197,211)
Difference between:			
Expected and actual experience	\$ 123,011	54,994	68,017
Projected and actual investment earnings	<u>425,569</u>		<u>425,569</u>
Grand total	<u>\$ 548,580</u>	<u>\$ 252,205</u>	<u>\$ 296,375</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Deferred outflows and inflows of resources:

Amounts reported as deferred outflows of resources related to the OPEB plan are included in the OPEB expenses as follows for the year ended December 31:

<u>Year ended December 31,</u>	<u>Nonuniformed Plan</u>	<u>Police Plan</u>	<u>Total</u>
2023	\$ 65,276	\$ 45,912	\$ 111,188
2024	62,450	42,303	104,753
2025	55,942	34,595	90,537
2026	56,019	34,904	90,923
2027	9,993	(17,035)	(7,042)
thereafter	12,774	(106,758)	(93,984)
	<u>\$ 262,454</u>	<u>\$ 33,921</u>	<u>\$ 296,375</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

11. Other postemployment medical benefits (continued):

Investments:

Investments are purchased by the trustee as part of the OPEB Trust Funds. The investments are stated at fair value as of December 31, 2022 and consist of the following:

	Cost	Fair value
Nonuniformed plan:		
PNC institutional investments:		
Temporary investments and deposits	\$ 80,324	\$ 80,324
Fixed income:		
Corporate bonds	74,928	64,309
Treasury bonds	78,886	72,087
Agency bonds	62,175	55,210
Municipal bonds	15,367	12,918
Mutual funds	559,453	483,269
Equities:		
Exchange traded funds	222,868	214,330
Mutual funds	71,655	46,773
	<u>1,165,656</u>	<u>1,029,220</u>
Police plan:		
PNC institutional investments:		
Temporary investments and deposits	90,039	90,039
Fixed income:		
Corporate bonds	84,318	71,100
Treasury bonds	82,190	75,688
Agency bonds	69,685	61,996
Municipal bonds	17,268	14,726
Mutual funds	628,278	537,334
Equities:		
Exchange traded funds	234,226	225,253
Mutual funds	75,220	49,101
	<u>1,281,224</u>	<u>1,125,237</u>
Total police plan	<u>1,281,224</u>	<u>1,125,237</u>
Investments, OPEB	<u>\$ 2,446,880</u>	<u>\$ 2,154,457</u>

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

12. Deferred compensation plan:

The Township has a deferred compensation plan authorized under Internal Revenue Code Section 457 which is available to its full-time employees. Participation in the plan is voluntary and it is funded only by employee contributions. The plan permits deferral of a portion of the employees' salaries until future years. The deferred compensation is not available for withdrawal until termination, retirement, death or disability.

The Township follows GASB standards that were adopted in response to amendments of Internal Revenue Code 457, which now requires that a 457 deferred compensation plan hold all assets and income of the plan for the exclusive benefit of the participants and their beneficiaries. The Township has amended the plan to comply with the Code Section amendments. Accordingly, the plan is not reported as part of these financial statements.

13. Interfund receivables, payables and transfers:

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the appropriate fund as debt service payments come due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended December 31, 2022, the Township made the following transfers:

	<u>Transfers to other funds</u>	<u>Transfers from other funds</u>
General fund	\$ 190,000	
Capital reserve fund		\$ 148,439
ARPA fund	58,439	
Capital projects fund		100,000
LST fund	517,328	
Fire service fund		355,716
EMS fund		221,612
Fairview Township Fire Department	60,000	
	<u>\$ 825,767</u>	<u>\$ 825,767</u>

There were no interfund receivables and payables as of December 31, 2022.

FAIRVIEW TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

14. Traffic impact fee:

The Township passed an ordinance requiring that a transportation impact fee be imposed upon residential and non-residential, including commercial and industrial, development in order to assist in the financing of specified major transportation capacity improvements in a transportation service area. The ordinance was established to ensure that the transportation system is available and adequate to support new growth and development. The fees collected will be expended for costs insured for improvements attributable to new development and designated in the Transportation Capital Improvement Plan for improvements within the transportation service areas in which the new development is located. The transportation impact fees for transportation capital improvements shall be based upon the total costs of the road improvements included in the adopted Transportation Capital Improvements Plan within the transportation service areas. The amount of per-peak-hour-trip fee for Transportation Service Area 1 (TSA #1) shall be \$1,583; Transportation Service Area #2 (TSA #2) shall be \$1,964 and Transportation Service Area #3 (TSA #3) shall be \$0.

15. American Rescue Plan:

On March 11, 2021, the American Rescue Plan Act of 2021 (American Rescue Plan), a \$1.9 trillion coronavirus (COVID-19) relief package, was signed into law. The American Rescue Plan provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The American Rescue Plan provides \$130 billion in emergency funding for local governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery. The Township was allocated \$1,848,737 in funding from the American Rescue Plan. The Township will have until December 31, 2024 to spend these funds. Any funds not spent by December 31, 2024 are to be turned back over to the federal treasury.

The Township received the first installment of \$921,455 during 2021, of which \$658,236 was used. The Township received the second installment of \$927,282 during 2022 and used \$370,944. As of December 31, 2022, the unused portion of \$819,557 was recorded as unearned revenues.

16. Subsequent events:

In March 2023, the Township received a contribution of approximately \$323,800 from the estate of a former resident. The funds were contributed to help support the municipality and its residents.

The Township has evaluated events through May 17, 2023, the date which the financial statements were available to be issued.

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED PERCENTAGES – NONUNIFORMED
PENSION PLAN (unaudited)

DECEMBER 31, 2022

(See independent auditor's report)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 210,999	\$ 200,951	\$ 196,350	\$ 187,000	\$ 186,569	\$ 177,685	\$ 223,230	\$ 212,600	\$ 218,781
Interest	609,095	583,380	590,994	563,878	525,302	502,411	550,951	523,658	494,292
Changes for experience		(454,749)		(158,554)				6,420	
Differences between experience						(1,363,350)			
Changes of assumptions				357,534		317,818			
Benefit payments, including refunds of member contributions	(427,034)	(426,998)	(432,635)	(355,179)	(385,332)	(327,074)	(406,585)	(308,415)	(279,181)
Net change in total pension liability	393,060	(97,416)	354,709	594,679	326,539	(692,510)	367,596	434,263	433,892
Total pension liability:									
Beginning of year	8,703,881	8,801,297	8,446,588	7,851,909	7,525,370	8,217,880	7,850,284	7,416,021	6,982,129
End of year (a)	<u>\$ 9,096,941</u>	<u>\$ 8,703,881</u>	<u>\$ 8,801,297</u>	<u>\$ 8,446,588</u>	<u>\$ 7,851,909</u>	<u>\$ 7,525,370</u>	<u>\$ 8,217,880</u>	<u>\$ 7,850,284</u>	<u>\$ 7,416,021</u>
Plan fiduciary net position:									
Contributions:									
Employer		\$ 176,473	\$ 91,962	\$ 99,132	\$ 86,761	\$ 70,359	\$ 173,104	\$ 347,807	\$ 343,824
Member	\$ 477	35,836	30,495	29,520	29,643	29,569	24,599	35,205	35,971
Net investment income (loss)	(1,784,892)	1,104,907	1,346,594	1,543,129	(742,372)	1,285,276	510,350	16,381	524,961
Benefit payments, including refunds of member contributions	(427,034)	(426,998)	(432,635)	(355,179)	(385,332)	(327,074)	(406,585)	(308,415)	(279,181)
Administrative expense	(10,597)	(10,497)	(9,795)	(8,700)	(15,500)		(10,900)	(10,000)	(7,600)
Net change in plan fiduciary net position	(2,222,046)	879,721	1,026,621	1,307,902	(1,026,800)	1,058,130	290,568	80,978	617,975
Total fiduciary net position:									
Beginning of year	11,623,476	10,743,755	9,717,134	8,409,232	9,436,032	8,377,902	8,087,334	8,006,356	7,388,381
End of year (b)	<u>\$ 9,401,430</u>	<u>\$ 11,623,476</u>	<u>\$ 10,743,755</u>	<u>\$ 9,717,134</u>	<u>\$ 8,409,232</u>	<u>\$ 9,436,032</u>	<u>\$ 8,377,902</u>	<u>\$ 8,087,334</u>	<u>\$ 8,006,356</u>
Net pension asset, end of year (a) - (b)	<u>\$ (304,489)</u>	<u>\$ (2,919,595)</u>	<u>\$ (1,942,458)</u>	<u>\$ (1,270,546)</u>	<u>\$ (557,323)</u>	<u>\$ (1,910,662)</u>	<u>\$ (160,022)</u>	<u>\$ (237,050)</u>	<u>\$ (590,335)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.3%	133.5%	122.1%	115.0%	107.1%	125.4%	101.9%	103.0%	108.0%
Covered payroll	\$ 1,208,504	\$ 1,109,814	\$ 1,050,543	\$ 978,547	\$ 1,052,422	\$ 1,056,790	\$ 985,845	\$ 1,192,260	\$ 1,568,816
Net pension asset as a percentage of covered payroll	(25.2)%	(263.1)%	(184.9)%	(129.8)%	(53.0)%	(180.8)%	(16.2)%	(19.9)%	(37.6)%

The schedule of changes in net pension asset and related percentages results for the required ten-year timeframe will be added as available.

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED PERCENTAGES –
 POLICE PENSION PLAN (unaudited)
 DECEMBER 31, 2022
 (See independent auditor's report)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 383,447	\$ 365,188	\$ 317,281	\$ 302,172	\$ 279,533	\$ 266,222	\$ 243,037	\$ 231,464	\$ 212,994
Interest	802,121	770,321	750,417	706,135	652,536	625,284	621,796	585,739	563,261
Changes for experience				(81,742)				(162,432)	
Differences between experience		(385,515)				(842,631)			
Changes of assumptions				236,455		275,946			
Benefit payments, including refunds of member contributions	(602,201)	(416,962)	(386,653)	(382,830)	(458,255)	(324,059)	(317,630)	(306,084)	(316,283)
Net change in total pension liability	583,367	333,032	681,045	780,190	473,814	762	547,203	348,687	459,972
Total pension liability:									
Beginning of year	11,616,439	11,283,407	10,602,362	9,822,172	9,348,358	9,347,596	8,800,393	8,451,706	7,991,734
End of year (a)	<u>\$ 12,199,806</u>	<u>\$ 11,616,439</u>	<u>\$ 11,283,407</u>	<u>\$ 10,602,362</u>	<u>\$ 9,822,172</u>	<u>\$ 9,348,358</u>	<u>\$ 9,347,596</u>	<u>\$ 8,800,393</u>	<u>\$ 8,451,706</u>
Plan fiduciary net position:									
Contributions:									
Employer	\$ 138,131	\$ 375,020	\$ 276,470	\$ 232,380	\$ 172,259	\$ 167,863	\$ 143,083	\$ 272,974	\$ 279,909
Member	66,078	62,183	65,296	62,480	55,293	51,046	49,899	45,456	44,613
Net investment income (loss)	(2,283,128)	1,347,202	1,687,573	1,865,720	(913,726)	1,546,075	546,077	42,160	643,063
Benefit payments, including refunds of member contributions	(602,201)	(416,962)	(386,653)	(382,830)	(458,255)	(324,059)	(317,630)	(306,084)	(316,283)
Administrative expense	(11,004)	(11,304)	(8,476)	(8,000)	(13,100)		(6,600)	(7,000)	(7,979)
Other changes								1,727	
Net change in plan fiduciary net position	(2,692,124)	1,356,139	1,634,210	1,769,750	(1,157,529)	1,440,925	414,829	49,233	643,323
Total fiduciary net position:									
Beginning of year	14,759,120	13,402,981	11,768,771	9,999,021	11,156,550	9,715,625	9,300,796	9,251,563	8,608,240
End of year (b)	<u>\$ 12,066,996</u>	<u>\$ 14,759,120</u>	<u>\$ 13,402,981</u>	<u>\$ 11,768,771</u>	<u>\$ 9,999,021</u>	<u>\$ 11,156,550</u>	<u>\$ 9,715,625</u>	<u>\$ 9,300,796</u>	<u>\$ 9,251,563</u>
Net pension (asset) liability, end of year (a) - (b)	<u>\$ 132,810</u>	<u>\$ (3,142,681)</u>	<u>\$ (2,119,574)</u>	<u>\$ (1,166,409)</u>	<u>\$ (176,849)</u>	<u>\$ (1,808,192)</u>	<u>\$ (368,029)</u>	<u>\$ (500,403)</u>	<u>\$ (799,857)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.9%	127.1%	118.8%	111.0%	101.8%	119.3%	103.9%	105.7%	109.5%
Covered payroll	\$ 1,691,954	\$ 1,553,220	\$ 1,537,809	\$ 1,576,367	\$ 1,398,195	\$ 1,221,195	\$ 1,158,670	\$ 1,134,341	\$ 1,134,166
Net pension (asset) liability as a percentage of covered payroll	7.8%	(202.3)%	(137.8)%	(74.0)%	(12.6)%	(148.0)%	(31.8)%	(44.1)%	(70.5)%

The schedule of changes in net pension asset and related percentages results for the required ten-year timeframe will be added as available.

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)

SCHEDULE OF INVESTMENT RETURNS

LAST TEN CALENDAR YEARS (unaudited)

DECEMBER 31, 2022

(See independent auditor's report)

Annual dollar-weighted
rate of return on a market
value basis:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Nonuniformed Pension Plan	16.3%	7.7%	0.9%	6.8%	16.5%	(7.5)%	19.4%	14.6%	10.9%	(15.2)%
Police Pension Plan	16.5%	8.0%	1.1%	6.2%	16.9%	(7.7)%	19.6%	14.9%	10.6%	(15.1)%

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND NOTES TO SCHEDULE –
 NONUNIFORMED PENSION PLAN (unaudited)
 DECEMBER 31, 2022
 (See independent auditor’s report)

Year	Nonuniformed Pension Plan				
	Actuarially determined contribution	Contributions from employer	Contribution deficiency/ (excess)	Covered payroll	Contributions as a % of covered payroll
2013	\$ 379,594	\$ 1,080,482	\$ (700,888)		
2014	343,824	343,824		\$ 1,568,816	21.92%
2015	347,807	347,807		1,192,260	29.17%
2016	173,104	173,104		985,845	17.56%
2017	70,359	70,359		1,056,790	6.66%
2018	86,761	86,761		1,052,422	8.24%
2019	99,132	99,132		978,547	10.13%
2020	91,962	91,962		1,050,543	8.75%
2021	176,473	176,473		1,109,814	15.90%
2022				1,208,504	0.00%

Notes to schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date, 2022: January 1, 2021

Actuarial cost method: Entry age normal

Amortization method: Level dollar closed

Remaining amortization period: N/A years

Asset valuation method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary increases: 5.00%

Investment rate of return: 7.00%

Retirement age: It is assumed that all members hired on or before August 29, 2011 retire upon attainment of age 65 or enter the DROP upon attainment of age 60 and completion of 25 years of service, if earlier. It is assumed that all members hired after August 29, 2011 retire upon attainment of age 65 or upon attainment of age 60 and completion of 25 years or service, if earlier. It is also assumed that, for members who enter the DROP, participation in the DROP continues for 24 months.

Mortality: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect morality improvement.

Changes in benefit terms: None since January 1, 2021

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND NOTES TO SCHEDULE –
 POLICE PENSION PLAN (unaudited)
 DECEMBER 31, 2022
 (See independent auditor’s report)

Year	Police Pension Plan				
	Actuarially determined contribution	Contributions from employer	Contribution deficiency/ (excess)	Covered payroll	Contributions as a % of covered payroll
2013	\$ 313,626	\$ 313,626			
2014	279,909	279,909		\$ 1,134,166	24.68%
2015	272,974	272,974		1,134,341	24.06%
2016	143,083	143,083		1,158,670	12.35%
2017	167,863	167,863		1,221,965	13.74%
2018	172,259	172,259		1,398,195	12.32%
2019	232,380	232,380		1,576,367	14.74%
2020	276,470	276,470		1,537,809	17.98%
2021	375,020	375,020		1,553,220	24.14%
2022	138,131	138,131		1,691,954	8.16%

Notes to schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date, 2022: January 1, 2021

Actuarial cost method: Entry age normal

Amortization method: Level dollar closed

Remaining amortization period: N/A years

Asset valuation method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary increases: 5.00%

Investment rate of return: 7.00%

Retirement age: It is assumed that all members enter the DROP upon meeting the eligibility requirements for normal retirement. It is also assumed that participation in the DROP continues for 24 months.

Mortality: PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Changes in benefit terms: None since January 1, 2021

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)

SCHEDULE OF CHANGES IN NET OPEB (ASSET) LIABILITY AND RELATED PERCENTAGES –
NONUNIFORMED OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (unaudited)

DECEMBER 31, 2022

(See independent auditor's report)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 40,942	\$ 46,479	\$ 44,156	\$ 41,834	\$ 40,268
Interest	57,812	53,327	51,386	46,032	44,594
Difference between expected and actual experience		101,832		66,157	
Changes of assumptions	(76,173)	8,667	3,403	5,501	(6,964)
Benefit payments, including refunds of member contributions	<u>(129,533)</u>	<u>(76,262)</u>	<u>(47,795)</u>	<u>(45,964)</u>	<u>(48,723)</u>
Net change in total OPEB liability	(106,952)	134,043	51,150	113,560	29,175
Total OPEB liability:					
Beginning of year	<u>1,313,929</u>	<u>1,179,886</u>	<u>1,128,736</u>	<u>1,015,176</u>	<u>986,001</u>
End of year (a)	<u>\$ 1,206,977</u>	<u>\$ 1,313,929</u>	<u>\$ 1,179,886</u>	<u>\$ 1,128,736</u>	<u>\$ 1,015,176</u>
Plan fiduciary net position:					
Contributions, employer	\$ 129,533	\$ 76,262	\$ 47,795	\$ 45,964	\$ 91,549
Net investment income (loss)	(161,510)	52,038	18,253	35,456	14,412
Benefit payments, including refunds of member contributions	(129,533)	(76,262)	(47,795)	(45,964)	(48,723)
Administrative expense	<u>(5,967)</u>	<u>(5,635)</u>	<u>(3,368)</u>	<u>(3,291)</u>	<u>(3,143)</u>
Net change in plan fiduciary net position	(167,477)	46,403	14,885	32,165	54,095
Total fiduciary net position:					
Beginning of year	<u>1,196,697</u>	<u>1,150,294</u>	<u>1,135,409</u>	<u>1,103,244</u>	<u>1,049,149</u>
End of year (b)	<u>\$ 1,029,220</u>	<u>\$ 1,196,697</u>	<u>\$ 1,150,294</u>	<u>\$ 1,135,409</u>	<u>\$ 1,103,244</u>
Net OPEB (asset) liability, end of year (a) - (b)	<u>\$ 177,757</u>	<u>\$ 117,232</u>	<u>\$ 29,592</u>	<u>\$ (6,673)</u>	<u>\$ (88,068)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	85.3%	91.1%	97.5%	100.6%	108.7%
Covered payroll	\$ 673,857	\$ 674,529	\$ 785,382	\$ 785,382	\$ 805,078
Net OPEB (asset) liability as a percentage of covered payroll	26.4%	17.4%	3.8%	(0.8)%	(10.9)%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Township is presenting information for those years only for which information is available.

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED PERCENTAGES – POLICE OTHER
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (unaudited)

DECEMBER 31, 2022

(See independent auditor's report)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 114,059	\$ 99,123	\$ 93,841	\$ 80,228	\$ 77,662
Interest	80,871	80,388	73,966	63,853	59,718
Difference between expected and actual experience		(140,358)		99,742	
Changes of assumptions	(144,962)	2,211	6,765	(7,542)	(13,152)
Benefit payments, including refunds of member contributions	<u>(37,180)</u>	<u>(55,481)</u>	<u>(31,466)</u>	<u>(29,472)</u>	<u>(39,559)</u>
Net change in total OPEB liability	12,788	(14,117)	143,106	206,809	84,669
Total OPEB liability:					
Beginning of year	<u>1,703,211</u>	<u>1,717,328</u>	<u>1,574,222</u>	<u>1,367,413</u>	<u>1,282,744</u>
End of year (a)	<u><u>\$ 1,715,999</u></u>	<u><u>\$ 1,703,211</u></u>	<u><u>\$ 1,717,328</u></u>	<u><u>\$ 1,574,222</u></u>	<u><u>\$ 1,367,413</u></u>
Plan fiduciary net position:					
Contributions, employer	\$ 37,180	\$ 114,511	\$ 90,013	\$ 61,519	\$ 309,859
Net investment income (loss)	(184,205)	57,007	13,633	31,071	14,648
Benefit payments, including refunds of member contributions	(37,180)	(55,481)	(31,466)	(29,472)	(39,559)
Administrative expense	<u>(6,576)</u>	<u>(6,052)</u>	<u>(3,363)</u>	<u>(3,217)</u>	<u>(2,839)</u>
Net change in plan fiduciary net position	(190,781)	109,985	68,817	59,901	282,109
Total fiduciary net position:					
Beginning of year	<u>1,316,018</u>	<u>1,206,033</u>	<u>1,137,216</u>	<u>1,077,315</u>	<u>795,206</u>
End of year (b)	<u><u>\$ 1,125,237</u></u>	<u><u>\$ 1,316,018</u></u>	<u><u>\$ 1,206,033</u></u>	<u><u>\$ 1,137,216</u></u>	<u><u>\$ 1,077,315</u></u>
Net OPEB liability, end of year (a) - (b)	<u><u>\$ 590,762</u></u>	<u><u>\$ 387,193</u></u>	<u><u>\$ 511,295</u></u>	<u><u>\$ 437,006</u></u>	<u><u>\$ 290,098</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	65.6%	77.3%	70.2%	72.2%	78.8%
Covered payroll	\$ 1,708,133	\$ 1,709,883	\$ 1,398,195	\$ 1,398,195	\$ 1,239,262
Net OPEB liability as a percentage of covered payroll	34.6%	22.6%	36.6%	31.3%	23.4%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Township is presenting information for those years only for which information is available.

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS IN NONUNIFORMED
 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS AND NOTES
 TO SCHEDULE (unaudited)
 DECEMBER 31, 2022
 (See independent auditor's report)

Year	Nonuniformed OPEB Plan				
	Actuarially determined contribution	Contributions from employer	Contribution deficiency/ (excess)	Covered payroll	Contributions as a % of covered payroll
2013	\$ 37,530		\$ 37,530	\$ 1,508,445	0.00%
2014	33,579	\$ 44,646	(11,067)	1,502,448	2.97%
2015	33,579		33,579	1,502,448	0.00%
2016	33,579		33,579	1,502,448	0.00%
2017	31,395		31,395	805,078	0.00%
2018	31,395	91,549	(60,154)	805,078	11.37%
2019	31,395	45,964	(14,569)	785,382	5.85%
2020	31,395	47,795	(16,400)	785,382	6.09%
2021	31,395	76,262	(44,867)	674,529	11.31%
2022	31,395	129,533	(98,138)	673,857	19.22%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date, 2022: January 1, 2021

Actuarial cost method: Entry age normal

Asset valuation method: Market value of assets as determined by the trustee

Inflation: 3.00%

Salary increases: 5.00%

Discount rate: 5.42%

Retirement contributions: Increase as same rate as the healthcare cost trend rate

Healthcare cost trend rate: 6.5% in 2022, 7.0% in 2023 with a 0.5% decrease per year until 5.5% in 2026.

Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model.

Premium rates: Combined experience of active and retired lives

Retirement: Age 65 or, if earlier, age 60 with completion of 25 years

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS IN POLICE OTHER
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS AND NOTES
 TO SCHEDULE (unaudited)
 DECEMBER 31, 2022
 (See independent auditor's report)

Year	Police OPEB Plan				
	Actuarially determined contribution	Contributions from employer	Contribution deficiency/ (excess)	Covered payroll	Contributions as a % of covered payroll
2013	\$ 65,337	\$ 48,407	\$ 16,930	\$ 1,236,631	3.91%
2014	63,012	249	62,763	1,043,932	0.02%
2015	63,012		63,012	1,043,932	0.00%
2016	63,012	63,012	-	1,043,932	6.04%
2017	88,142		88,142	1,236,631	0.00%
2018	88,142	309,859	(221,717)	1,239,262	25.00%
2019	88,142	61,519	26,623	1,398,195	4.40%
2020	88,142	90,013	(1,871)	1,398,195	6.44%
2021	88,142	114,511	(26,369)	1,709,883	6.70%
2022	88,142	37,180	50,962	1,708,133	2.18%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date, 2022: January 1, 2021

Actuarial cost method: Entry age normal

Asset valuation method: Market value of assets as determined by the trustee

Inflation: 3.00%

Salary increases: 5.00%

Discount rate: 5.42%

Retirement contributions: Increase as same rate as the healthcare cost trend rate

Healthcare cost trend rate: 6.5% in 2022, 7.0% in 2023 with a 0.5% decrease per year until 5.5% in 2026.

Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model.

Premium rates: Combined experience of active and retired lives

Retirement: Age 50 with completion of 25 years

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET COMPARED TO ACTUAL (unaudited)

GENERAL FUND

YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report)

	Original budget	Final budget	Actual	Variance over (under)
Revenues:				
Taxes	\$ 5,847,000	\$ 5,847,000	\$ 6,782,490	\$ 935,490
Licenses, permits and fees	273,000	273,000	305,939	32,939
Fines and penalties	75,000	75,000	68,159	(6,841)
Interest and rents	1,000	1,000	51,757	50,757
Intergovernmental	423,368	423,368	317,975	(105,393)
Service fees	308,800	308,800	1,048,228	739,428
Contributions from private sector			3,863	3,863
Miscellaneous	80,000	80,000	142,553	62,553
Total revenues	7,008,168	7,008,168	8,720,964	1,712,796
Expenditures:				
General government	676,632	676,632	670,989	(5,643)
Public safety	4,315,555	4,315,555	4,527,217	211,662
Health and welfare	22,180	22,180	17,781	(4,399)
Public works:				
Highways, roads and streets	1,714,502	1,714,502	1,770,693	56,191
Recycling center and leaf collection	189,985	189,985	252,438	62,453
Culture and recreation	203,104	203,104	203,690	586
Miscellaneous	3,000	3,000	5,671	2,671
Total expenditures	7,124,958	7,124,958	7,448,479	323,521
Excess (deficit) of revenues over (under) expenditures	(116,790)	(116,790)	1,272,485	1,389,275
Other financing sources (uses):				
Proceeds from sale of assets			19,400	19,400
Interfund transfers received	120,000	120,000		(120,000)
Interfund transfers expended			(190,000)	(190,000)
Total other financing sources (uses)	120,000	120,000	(170,600)	(290,600)

(continued)

FAIRVIEW TOWNSHIP

(REQUIRED SUPPLEMENTARY INFORMATION)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET COMPARED TO ACTUAL (unaudited) (CONTINUED)
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2022
 (See independent auditor’s report)

	Original budget	Final budget	Actual	Variance over (under)
Excess of revenues and other financing sources over expenditures and other uses	\$ 3,210	\$ 3,210	\$ 1,101,885	\$ 1,098,675
Fund balance:				
Beginning of year			1,884,475	
End of year			\$ 2,986,360	

Budgets:

Prior to the beginning of each fiscal year, an annual budget is adopted for the General fund, ARPA fund, Highway aid fund, Capital reserve fund, Capital projects fund, Fire hydrant fund, Fire service fund, EMS Service fund, LST fund and Street light fund. Encumbrances and appropriations outstanding at December 31 are reported as reservations of fund balances and do not constitute expenditures, expenses or liabilities of the present year because the commitments will be honored in the subsequent year.

Actual expenditures exceeded budget appropriations in 2022 for the following funds and functions:

General Fund:	
Public safety	\$ 211,662
Public works:	
Highways, roads and streets	56,191
Recycling center and leaf collection	62,453
Culture and recreation	586
Miscellaneous	2,671
Interfund transfers expended	190,000

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEETS

DECEMBER 31, 2022

(See independent auditor’s report)

	Highway aid fund	LST fund	Street light fund	Fire service fund	Fire hydrant fund	EMS fund	Capital projects fund	Fairview Township Fire Department	Total
ASSETS									
Cash and investments	\$ 388,809	\$ 820,694	\$ 43,092	\$ 2,310	\$ 39,421	\$ 609	\$ 1,200,000	\$ 93,540	\$ 2,588,475
Taxes receivable			1,606		2,947				4,553
Total assets	<u>\$ 388,809</u>	<u>\$ 820,694</u>	<u>\$ 44,698</u>	<u>\$ 2,310</u>	<u>\$ 42,368</u>	<u>\$ 609</u>	<u>\$ 1,200,000</u>	<u>\$ 93,540</u>	<u>\$ 2,593,028</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities, accounts payable			\$ 2,157	\$ 2,310		\$ 609			\$ 5,076
Deferred inflows of resources, unavailable revenues			664		\$ 2,106				2,770
Fund balances	<u>\$ 388,809</u>	<u>\$ 820,694</u>	<u>41,877</u>		<u>40,262</u>		<u>\$ 1,200,000</u>	<u>\$ 93,540</u>	<u>2,585,182</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 388,809</u>	<u>\$ 820,694</u>	<u>\$ 44,698</u>	<u>\$ 2,310</u>	<u>\$ 42,368</u>	<u>\$ 609</u>	<u>\$ 1,200,000</u>	<u>\$ 93,540</u>	<u>\$ 2,593,028</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022
(See independent auditor’s report)

	Highway aid fund	LST fund	Street light fund	Fire service fund	Fire hydrant fund	EMS fund	Capital projects fund	Fairview Township Fire Department	Total
Revenues:									
Taxes		\$ 545,140	\$ 79,150		\$ 61,182				\$ 685,472
Interest and rents	\$ 10,421	2,575	180		159			\$ 117	13,452
Intergovernmental revenue	616,072							10,915	626,987
Contributions from private sector				\$ 4,349				10,459	14,808
Miscellaneous revenue				3,310		\$ 27		1,400	4,737
Total revenues	626,493	547,715	79,330	7,659	61,341	27		22,891	1,345,456
Expenditures:									
General government				1,269					1,269
Public safety				362,106		221,639		22,082	605,827
Public works, highway, roads and streets	558,160		76,409		59,047				693,616
Total expenditures	558,160		76,409	363,375	59,047	221,639		22,082	1,300,712
Excess (deficit) of revenues over (under) expenditures before other financing sources (uses)	68,333	547,715	2,921	(355,716)	2,294	(221,612)		809	44,744

(continued)

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENTS OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(See independent auditor’s report)

	Highway aid fund	LST fund	Street light fund	Fire service fund	Fire hydrant fund	EMS fund	Capital projects fund	Fairview Township Fire Department	Total
Other financing sources (uses):									
Interfund transfers:									
Received				\$ 355,716		\$ 221,612	\$ 100,000		\$ 677,328
Expended		\$ (517,328)						\$ (60,000)	(577,328)
Total other financing sources (uses)		(517,328)		355,716		221,612	100,000	(60,000)	100,000
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 68,333	30,387	\$ 2,921		\$ 2,294		100,000	(59,191)	144,744
Fund balances:									
Beginning of year	320,476	790,307	38,956		37,968		1,100,000	152,731	2,440,438
End of year	\$ 388,809	\$ 820,694	\$ 41,877	\$ -	\$ 40,262	\$ -	\$ 1,200,000	\$ 93,540	\$ 2,585,182

See notes to financial statements.

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR PROPRIETARY FUNDS – COMBINING
STATEMENTS OF NET POSITION
DECEMBER 31, 2022
(See independent auditor’s report)

	Sewer fund	Refuse fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 67,385	\$ 37,422	\$ 104,807
Accounts receivable	14,389	8,191	22,580
Total assets, all current	\$ 81,774	\$ 45,613	\$ 127,387
LIABILITIES AND NET POSITION			
Current liabilities, accounts payable	\$ 30		\$ 30
Net position, unrestricted	81,744	\$ 45,613	127,357
Total liabilities and net position	\$ 81,774	\$ 45,613	\$ 127,387

See notes to financial statements.

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR PROPRIETARY FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022
(See independent auditor's report)

	<u>Sewer fund</u>	<u>Refuse fund</u>	<u>Total</u>
Operating revenues, charges for services	\$ 16,895		\$ 16,895
Operating expenses, collection, disposal and treatment	<u>500</u>	<u>\$ 824</u>	<u>1,324</u>
Excess (deficit) of operating revenues over (under) expenses	16,395	(824)	15,571
Nonoperating revenues, earnings on temporary deposits and investments	<u>207</u>	<u>119</u>	<u>326</u>
Excess (deficit) of revenues over (under) expenses and nonoperating revenues	16,602	(705)	15,897
Net position:			
Beginning of year	<u>65,142</u>	<u>46,318</u>	<u>111,460</u>
End of year	<u><u>\$ 81,744</u></u>	<u><u>\$ 45,613</u></u>	<u><u>\$ 127,357</u></u>

See notes to financial statements.

FAIRVIEW TOWNSHIP

SCHEDULE OF NONMAJOR PROPRIETARY FUNDS - COMBINING
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(See independent auditor's report)

	Sewer fund	Refuse fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 20,565	\$ 891	\$ 21,456
Payments to suppliers	(605)	(858)	(1,463)
Net cash provided by operating activities	19,960	33	19,993
Cash flows provided by investing activities, investment income	207	119	326
Net increase in cash and cash equivalents	20,167	152	20,319
Cash and cash equivalents:			
Beginning	47,218	37,270	84,488
Ending	\$ 67,385	\$ 37,422	\$ 104,807
Cash flows from operating activities:			
Excess (deficit) of operating revenues over (under) expenses	\$ 16,395	\$ (824)	\$ 15,571
Adjustments:			
Decrease in assets, accounts receivable	3,670	891	4,561
Decrease in liabilities, accounts payable	(105)	(34)	(139)
Total adjustments	3,565	857	4,422
Net cash provided by operating activities	\$ 19,960	\$ 33	\$ 19,993

See notes to financial statements.