



YEAR ENDED DECEMBER 31, 2023



NORTH LEBANON TOWNSHIP

YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Required supplementary information - management's discussion and analysis (unaudited)	4-14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15-16
Statement of activities	17-18
Fund financial statements and reconciliations:	
Balance sheet - governmental funds	19
Reconciliation of total governmental fund balances to net position of governmental activities	20
Statement of revenues, expenditures and changes in fund balances – governmental funds	21
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	22
Statement of net position - proprietary funds	23-24
Statement of revenues, expenses and changes in net position - proprietary funds	25
Statement of cash flows - proprietary funds	26-27
Statement of fiduciary net position	28
Statement of changes in fiduciary net position	29
Notes to financial statements	30-73

NORTH LEBANON TOWNSHIP

YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS (CONTINUED)

	Page
Required supplementary information (unaudited):	
Schedule of changes in net pension (asset) liability and related percentages – police pension plan	74
Schedule of changes in net pension (asset) liability and related percentages – nonuniformed pension plan	75
Schedule of investment returns – last ten calendar years	76
Schedule of employer contributions – police pension plan	77
Schedule of employer contributions – nonuniformed pension plan	78
Schedule of actuarial assumptions – pension plans	79
Schedule of changes in net OPEB liability and related percentages – other postemployment benefits	80
Schedule of contributions – other postemployment benefits	81
Schedule of actuarial assumptions – other postemployment benefits	82
Schedule of revenues, expenditures and changes in fund balance - budget compared to actual - general fund	83
Note to required supplementary information - budget	84
Schedule of revenues, expenditures and changes in fund balance - budget compared to actual – liquid fuels fund	85
Other supplementary information:	
Combining fund financial statements:	
Nonmajor governmental funds - combining balance sheet	86
Nonmajor governmental funds - combining statement of revenues, expenditures and changes in fund balances	87

Independent Auditor's Report

Board of Supervisors
North Lebanon Township
725 Kimmerlings Road
Lebanon, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 North Lebanon Township as of December 31, 2023, 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 North Lebanon 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 North Lebanon 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, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Lebanon 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 North Lebanon 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 and other postemployment benefit 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 basic financial statements that collectively comprise North Lebanon Township's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of North Lebanon 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brown Plus

Camp Hill, Pennsylvania
June 6, 2024

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

North Lebanon Township (the Township) provides this Management's Discussion and Analysis (MD&A), as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of North Lebanon Township's financial activities is for the fiscal year ended December 31, 2023. Please consider this information in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- The net position of North Lebanon Township's governmental activities at December 31, 2023 is \$16,250,401. Of this amount, unrestricted net position of \$5,571,741 may be used to meet the government's ongoing obligations to citizens and creditors.
- The net position of the Township's business-type activities at December 31, 2023 is \$17,205,562. Of this amount, unrestricted net position of \$8,702,291 may be used to meet ongoing expenses of the business activities.
- During the year, the Township's General Fund revenues were \$588,583 over the anticipated revenues of \$4,864,712.
- During the year, the Township's General Fund expenses were \$303,150 less than anticipated budgeted expenses of \$4,554,904.
- As of the close of the current fiscal year, North Lebanon Township's governmental funds reported combined ending fund balances of \$7,658,161, an increase of \$913,222 over 2022.

FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to North Lebanon Township's basic financial statements. The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains additional supplementary information in addition to the basic financial statements themselves.

Basic financial statements

The government-wide financial statements present the financial picture of the Township from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Township (including infrastructure), as well as all deferred outflows and inflows of resources and liabilities (including long-term debt). Additionally, certain eliminations have been made regarding interfund activity, payables and receivables.

The fund financial statements include statements for three categories of activities – governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Proprietary and fiduciary funds use the accrual basis of accounting.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements

The statement of net position and the statement of activities report information about the Township as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Township using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. 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 are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Township's property tax base and the condition of the Township's roads, to assess the *overall health* of the Township.

In the statement of net position and the statement of activities, we divide the Township into two kinds of activities:

- **Governmental activities** – Most of the Township's basic services are reported here, including the police, fire, public works and parks departments and general administration. Property taxes, Act 511 taxes, fines, state and federal grants, fees in lieu of taxes and departmental/service fees finance most of these activities.
- **Business-type activities** – The Municipal Authority, a blended component unit, charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Authority's sewer fund and water fund are reported here. The Township's Stormwater fund is used to account for stormwater initiatives, including, but not limited to, engineering and professional fees. This fund also accounts for the daily operations of the stormwater system and billing and collection of stormwater services fees.

Reporting the Township's most significant funds

Our analysis of the Township's major funds begins with the presentation of the fund financial statements. The fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Supervisors establishes many other funds to help it control and manage money for purposes (like the fees in lieu of money from developers) or to show that it is setting aside money for larger capital improvement projects. The Township has three kinds of funds – governmental, proprietary and fiduciary – using different accounting approaches.

- **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations following the fund financial statements.
- **Proprietary funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that their activities are reported in the government-wide statement of net position and the statement of activities.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

FINANCIAL STATEMENTS (CONTINUED)

Reporting the Township's most significant funds

- *Fiduciary funds* - The Township is the fiduciary for its employees' defined benefit pension plans. All of the Township's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position as listed in the table of contents. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

THE TOWNSHIP AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities.

Table 1
Net Position

	2023 Governmental activities	2023 Business-type activities	2023 Total primary government	2022 Total primary government
Current and other assets	\$ 8,612,161	\$ 8,824,924	\$ 17,437,085	\$ 15,837,545
Noncurrent assets	<u>9,303,304</u>	<u>9,018,362</u>	<u>18,321,666</u>	<u>17,918,172</u>
Total assets	17,915,465	17,843,286	35,758,751	33,755,717
Deferred outflows of resources	<u>896,758</u>	<u>696,786</u>	<u>1,593,544</u>	<u>2,412,640</u>
Total assets and deferred outflows of resources	<u>\$ 18,812,223</u>	<u>\$ 18,540,072</u>	<u>\$ 37,352,295</u>	<u>\$ 36,168,357</u>
Current liabilities	\$ 853,087	\$ 768,793	\$ 1,621,880	\$ 2,314,941
Long-term liabilities	<u>433,638</u>	<u>565,717</u>	<u>999,355</u>	<u>3,490,100</u>
Total liabilities	<u>1,286,725</u>	<u>1,334,510</u>	<u>2,621,235</u>	<u>5,805,041</u>
Deferred inflows of resources	<u>1,275,097</u>		<u>1,275,097</u>	<u>780,072</u>
Net position:				
Net investment in capital assets	8,973,185	8,503,271	17,476,456	15,781,162
Restricted	1,705,475		1,705,475	1,739,763
Unrestricted	<u>5,571,741</u>	<u>8,702,291</u>	<u>14,274,032</u>	<u>12,062,319</u>
Total net position	<u>16,250,401</u>	<u>17,205,562</u>	<u>33,455,963</u>	<u>29,583,244</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,812,223</u>	<u>\$ 18,540,072</u>	<u>\$ 37,352,295</u>	<u>\$ 36,168,357</u>

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

THE TOWNSHIP AS A WHOLE (CONTINUED)

The net position of the governmental activities is \$16,250,401. Unrestricted net position – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is \$5,571,741.

The net position of the business-type activities is \$17,205,562. Unrestricted net position – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is \$8,702,291.

Table 2
Changes in Net Position

	2023 Governmental activities	2023 Business-type activities	2023 Total primary government	2022 Total primary government
Revenues:				
Program revenues:				
Charges for services	\$ 499,705	\$ 4,509,842	\$ 5,009,547	\$ 4,719,995
Operating grants and contributions	821,461	32,882	854,343	708,726
Capital grants and contributions	765,376		765,376	35,461
General revenues:				
Taxes and assessments:				
Real estate	1,907,332		1,907,332	1,902,838
Real estate transfer	339,257		339,257	366,588
Earned income	1,699,271		1,699,271	1,600,919
Local services	242,939		242,939	200,360
Public utility tax	3,619		3,619	3,815
Cable TV franchise tax	197,554		197,554	206,718
Investment earnings	464,011	389,758	853,769	263,194
Rentals	70,454		70,454	70,981
Gain (loss) on sale of assets	119,047	(314,527)	(195,480)	24,366
Miscellaneous	105,111	67,804	172,915	484,463
Total revenues	<u>7,235,137</u>	<u>4,685,759</u>	<u>11,920,896</u>	<u>10,588,424</u>

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

THE TOWNSHIP AS A WHOLE (CONTINUED)

Table 2
Changes in Net Position (continued)

	2023 Governmental activities	2023 Business-type activities	2023 Total primary government	2022 Total primary government
Expenses:				
General government	\$ 627,288		\$ 627,288	\$ 657,982
Public safety	2,764,376		2,764,376	2,893,801
Public works	322,246	\$ 41,904	364,150	467,985
Highways	1,142,196		1,142,196	1,279,069
Culture, recreation	287,571		287,571	394,828
Municipal Authority		2,862,596	2,862,596	3,016,487
Total expenses	5,143,677	2,904,500	8,048,177	8,710,152
Changes in net position	2,091,460	1,781,259	3,872,719	1,878,272
Net position:				
Beginning	14,158,941	15,424,303	29,583,244	27,704,972
Ending	<u>\$ 16,250,401</u>	<u>\$ 17,205,562</u>	<u>\$ 33,455,963</u>	<u>\$ 29,583,244</u>

The total cost of the Township's governmental programs is \$5,143,677.

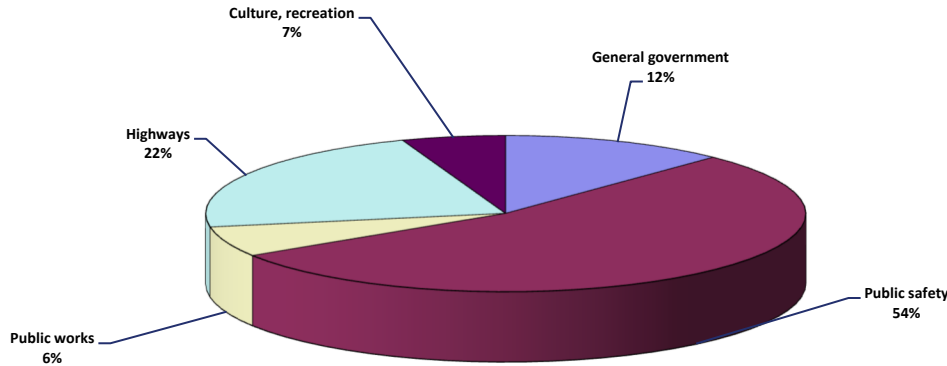
NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

THE TOWNSHIP AS A WHOLE (CONTINUED)

The following chart represents the distribution of all Township governmental expenses:

2023 EXPENSES BY DEPARTMENT



THE TOWNSHIP'S FUNDS

The Township's General Fund reported an increase in the fund balance of \$914,956 in 2023, providing for a balance going into the new year of \$3,870,673. The increase in the fund balance for the General Fund was the result of an upturn in real estate transfers tax revenue due to the booming housing market seeing much higher resale values for properties. Also, the earned income tax revenue realized a higher revenue than anticipated. We suspect it is mostly due to the many businesses offering a higher salary since the pandemic.

The Township received American Rescue Plan Act of 2021 (ARPA) funding in the amount of \$1,279,532. The Township expended \$35,461 and \$618,064 from this fund in 2022 and 2023, respectively. As of December 31, 2023, the unused portion of \$626,007 was recorded as unearned revenue. The remaining balance is projected to be incurred by the deadline date of December 31, 2024.

The Liquid Fuels Fund saw a decrease in the fund balance of \$208,563 for a balance of \$533,291. The decrease in the Liquid Fuels Fund's fund balance was due to the paving project being canceled in 2022 and added to the 2023 project list.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no revisions made mid-year to the Township's original budget. The Township's original budget and final budget are detailed in the required supplementary information section along with a comparison to actual activity for the year ended December 31, 2023.

Revenues

The Township's General Fund revenues were \$588,583 over the projected budgetary amount of \$4,864,712.

- The increase in revenue was primarily due to higher than anticipated taxes, licenses, permits and fines, as well as miscellaneous.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Expenses and transfers

The Township's General Fund expenditures were \$303,150 under the projected budgetary amount of \$4,554,904 (does not include interfund transfer).

- Keeping expenditures within the approved budget is constantly monitored by the Manager and Board of Supervisors. Quarterly reports are provided to each department head to analyze their expenses. The Board is provided with financial reports monthly. Department heads must obtain approval from the Township Manager and Board of Supervisors (Police Department) before going over budgeted line items for controllable expenditures.

CAPITAL ASSETS

As of December 31, 2023, the Township had \$46,680,690 invested in a variety of capital assets, as reflected in the following schedule of cost before depreciation.

Business-type activities	\$ 22,195,980
Land	992,311
Buildings and improvements	4,275,853
Automotive equipment	1,608,662
Machinery and equipment	2,253,723
Bridges	1,029,736
Roads	<u>14,324,425</u>
Total	<u><u>\$ 46,680,690</u></u>

See Notes 1, 6 and 7 for additional information.

DEBT ADMINISTRATION

Outstanding debt, at year end

Guaranteed Sewer Revenue Note of 2015A	\$ 522,539
Guaranteed Water Revenue Note of 2015B	556,357
Pennvest loan	234,867

During 2013, the Authority withdrew loan proceeds of \$486,958 from Pennvest to finance the construction of the Rockwood sewer project. In 2015, the Authority received additional loan proceeds from Pennvest of \$79,268. During 2016, the Authority paid off its share of the Pennvest loan. The remaining loan is due solely by the Swatara Township Board of Supervisors, as outlined in an Inter-municipal Agreement. The loan remains in the name of the North Lebanon Township Municipal Authority because it is the owner of the infrastructure. Swatara Township makes advance payments to the Authority for these loan payments. The loan payments continue through October 1, 2031.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

DEBT ADMINISTRATION (CONTINUED)

In June 2016, the Authority issued Series A of 2015 Guaranteed Sewer Revenue Note in the aggregate principal balance of \$8,818,000. The proceeds of the note were used to: (1) currently refund the remaining portion of the Series A of 2009 Guaranteed Sewer Revenue Bonds and (2) pay the costs and expenses of issuing the Series A of 2015 note.

In June 2016, the Authority issued Series B of 2015 Guaranteed Water Revenue Note in the aggregate principal balance of \$2,196,000. The proceeds of the note were used to: (1) currently refund the remaining portion of the Series B of 2009 Guaranteed Water Revenue Bonds and (2) pay the costs and expenses of issuing the Series B of 2015 note.

The Series A Note was amended on January 15, 2021, while the Series B Note was amended on December 15, 2020, to obtain better interest rates, while also changing the payments to be remitted monthly.

Further information on the Township's and the Authority's outstanding debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's elected and appointed officials consider many factors when determining tax rates and fees that will be charged for the business-type activities. For 2023, the tax rate remained the same at 2.01 mils. This rate has not increased since 2017.

The Township has a contract to provide 24/7/52 police services to neighboring West Lebanon Township, and this contract was renewed for 2024 in the amount of \$88,697. The population of West Lebanon Township is approximately 850.

The 2024 Township budget reflects no decreases in services.

Our police force consists of the Chief of Police, two sergeants, one sergeant/detective, plus eight full-time police officers that enforce the motor vehicle and crimes code, as well as local codes adopted by the Board of Supervisors. The Board also contracts with West Lebanon Township to provide enforcement of the International Property Maintenance Code, under the guidance of the Chief of Police. There is one full-time secretary and one part-time secretary in the police department. The Police Department maintains a Facebook page for communication with the residents in addition to the website maintained by the administrative staff.

The Public Works Department (the Department) is under the direction of the Public Works Director and consists of eight full-time maintenance employees (including Public Works Director) and one part-time seasonal (park and recreation) employee. The Department maintains 63.79 miles of roads and is responsible for sewer-related maintenance to the 65+ miles of collector lines and seven pump stations in North Lebanon Township. Additional information regarding sewer-related activities is available through the North Lebanon Township Municipal Authority's financial statements. The Department is also responsible for maintaining numerous parks as outlined below and servicing our ever-growing fleet of vehicles.

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The Department inspects all improvements during installation by developers for compliance with approved plans and Township and Municipal Authority regulations. The Department also maintains the yard waste facility located at the municipal building where residents can drop off grass clippings, leaves and tree branches. The Township continues to receive positive comments regarding the yard waste facility from residents. The fee for the yard waste access card will remain at \$50/year in 2024. The Township will continue the curbside spring and fall yard waste collection service to residents and the curbside collection of leaves in the fall. The facility also has containers for the collection of recyclable material that includes office paper, magazines, newspaper and corrugated cardboard. No access card is required for residents to drop off these materials for recycling.

We have one full-time mechanic under the direction of the Public Works Director to service the ever-growing fleet at North Lebanon Township. From police cars to backhoe/loaders, this individual performs general maintenance on all vehicles to keep them in the best condition possible. This individual helps other departments as necessary.

The Administrative Department includes five full-time employees: Township manager, assistant Township manager, accounting clerk, sewer billing clerk and receptionist.

The administrative staff is the first point of contact for our residents when stopping in to discuss Township-related issues. Communicating with our residents is important to the Board of Supervisors, as well as the administrative staff. The administrative staff will continue to publish a quarterly newsletter and maintain a website to communicate with the residents. We use the Police Department's Facebook page when necessary to get the word out quickly on an issue. We also have an LED message sign located at the front of the municipal building along Kimmerlings Road to provide computerized messages to assist in our communication with the public.

The Township's Park and Recreational facilities are maintained from April to October. Lion's Lake Park consists of 30 acres. The lake is approximately seven acres in size and home to a DEP approved dam that is annually stocked with trout. There are picnic facilities, bathrooms, playground areas, a volleyball court, walking paths and athletic fields at the Lion's Lake Park. The Township has been awarded a DCNR grant for upgrades to Lion's Lake, and a shoreline restoration project to reduce the sediment load. At our Long Lane property, there are also numerous athletic fields, bathrooms and a concession stand used by the athletic associations. The Community Park, which is contiguous with our municipal building property, consists of a picnic area with kitchen facilities and pavilion, walking paths, playground area, tennis, pickle ball and basketball courts and athletic fields.

Lenni Lenape Park consists of approximately 30 acres. We continue to construct improvements included in the Master Site Plan, as funded with grants or other funding sources. Currently, the park consists of playground equipment, an 18-hole disc golf course, three-quarter mile macadam walking paths with benches sporadically placed along the path, wooded area trails, two open-air pavilions, bathroom facilities and picnic tables.

Certain municipalities across Pennsylvania must comply with the new state and federal clean water regulations to reduce stormwater pollution. To comply with these unfunded mandates, North Lebanon Township must expand its existing Municipal Separate Storm Sewer (MS4) program and construct stormwater management projects designed to reduce stormwater pollution discharges (sediment) to our local waterways by 10% over the next five years. The cost of the stormwater management program and associated projects is expected to cost North Lebanon Township over \$1,000,000 over the next five years. The Township has joined the Lebanon County Stormwater Consortium, which consists of six municipalities (Annville Township, City of Lebanon, Cleona Borough Authority, North Cornwall, North Lebanon and South Lebanon Townships).

NORTH LEBANON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

In Pennsylvania, the Second-Class Township Code authorizes assessment of reasonable and uniform fees to construct, operate and maintain stormwater management facilities, systems and management plans. A fee is necessary for North Lebanon Township to fund its stormwater management program because tax revenues are not enough to cover the considerable costs brought about by the new regulations. The stormwater fee applies to all developed properties in the Township regardless of a property's tax status for the payment of real estate taxes. In 2023, all single-family residential (SFR) parcels will receive an annual bill of \$40. There has been no increase in this fee from the original adoption in 2018. All non-SFRs will be charged a fee pursuant to a specific formula which accounts for the total impervious cover on the property. In general, the more impervious cover on a non-SFR property, the higher the fee. The fee will be billed quarterly to non-SFRs that are assigned an ERU of six or higher.

The Township continues to place 100% or more of the required Minimum Municipal Obligation in the two defined benefit pension plans. As of the latest Actuarial Valuation Report dated January 1, 2021, the Police Pension Plan is 87.8% funded and the Non-Uniformed Employee Pension Plan is 88.3% funded.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the North Lebanon Township's finances for all North Lebanon's residents, taxpayers, investors and creditors. This financial report seeks to demonstrate the Township's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cheri Grumbine - Township Manager, 725 Kimmerlings Road, Lebanon, PA 17046.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION – DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary government		
	Governmental activities	Business-type activities	Total
Current assets:			
Cash and cash equivalents	\$ 4,149,705	\$ 5,604,836	\$ 9,754,541
Cash, escrow	92,911	97,561	190,472
Certificates of deposit	3,955,000	3,000,000	6,955,000
Certificate of deposit, escrow		12,882	12,882
Taxes receivable	71,035		71,035
Accounts and interest receivable	250,062	110,171	360,233
Current portion of lease receivable	11,988		11,988
Inventory	41,607		41,607
Internal balances	526	(526)	-
Prepaid expenses	39,327		39,327
	8,612,161	8,824,924	17,437,085
Total current assets			
Noncurrent assets:			
Net pension asset	28,557		28,557
Capital assets, net	8,973,185	9,018,362	17,991,547
Lease receivable, net of current portion	301,562		301,562
	9,303,304	9,018,362	18,321,666
Total noncurrent assets			
	17,915,465	17,843,286	35,758,751
Total assets			
Deferred outflows of resources:			
Deferred charge on refunding		696,786	696,786
Related to:			
Pensions	882,427		882,427
Net other postemployment benefits (other than pensions)	14,331		14,331
	896,758	696,786	1,593,544
Total deferred outflows of resources			
	\$ 18,812,223	\$ 18,540,072	\$ 37,352,295

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION – DECEMBER 31, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary government		
	Governmental activities	Business-type activities	Total
Current liabilities:			
Accounts payable and accrued expenses	\$ 133,169	\$ 12,631	\$ 145,800
Escrow payable	92,911	110,443	203,354
Unearned revenue	627,007		627,007
Current portion of Pennvest loan and sewer and water revenue notes		645,719	645,719
Total current liabilities	853,087	768,793	1,621,880
Long-term liabilities:			
Net other postemployment benefits liability (other than pensions)	160,024		160,024
Net pension liability	108,184		108,184
Compensated absences	165,430		165,430
Pennvest loan, net of current portion		205,922	205,922
Sewer and water revenue notes, net of current portion		462,122	462,122
Note discounts, net of amortization		(102,327)	(102,327)
Total long-term liabilities	433,638	565,717	999,355
Total liabilities	1,286,725	1,334,510	2,621,235
Deferred inflows of resources:			
Related to:			
Leases	298,343		298,343
Pensions	956,852		956,852
Net other postemployment benefits (other than pensions)	19,902		19,902
Total deferred inflows of resources	1,275,097		1,275,097
Net position:			
Net investment in capital assets	8,973,185	8,503,271	17,476,456
Restricted for:			
Liquid fuels	533,291		533,291
Parks and recreation	429,482		429,482
Street light	152,532		152,532
Special projects	568,334		568,334
Traffic signal, Route 422	21,836		21,836
Unrestricted	5,571,741	8,702,291	14,274,032
Total net position	16,250,401	17,205,562	33,455,963
Total liabilities, deferred inflows of resources and net position	\$ 18,812,223	\$ 18,540,072	\$ 37,352,295

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/programs	Expenses	Program revenues			Net (expenses) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		
					Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 627,288	\$ 2,257	\$ 29,335	\$ 45,473	\$ (550,223)		\$ (550,223)
Public safety	2,764,376	247,090	187,701	124,039	(2,205,546)		(2,205,546)
Public works	322,246	232,451	139,777	21,316	71,298		71,298
Highways	1,142,196	16,007	464,648	549,548	(111,993)		(111,993)
Culture, recreation	287,571	1,900		25,000	(260,671)		(260,671)
Total governmental activities	5,143,677	499,705	821,461	765,376	(3,057,135)		(3,057,135)
Business-type activities:							
North Lebanon Township							
Municipal Authority	2,862,596	4,075,333	32,882		\$ 1,245,619		1,245,619
Stormwater fund	41,904	434,509			392,605		392,605
Total business-type activities	2,904,500	4,509,842	32,882			1,638,224	1,638,224
Total primary government	\$ 8,048,177	\$ 5,009,547	\$ 854,343	\$ 765,376	(3,057,135)	1,638,224	(1,418,911)

(continued)

NORTH LEBANON TOWNSHIP

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

Functions/programs	Net (expenses) revenue and changes in net position		
	Primary government		
	Governmental activities	Business-type activities	Total
Net income (expenses) for total primary government	<u>\$ (3,057,135)</u>	<u>\$ 1,638,224</u>	<u>\$ (1,418,911)</u>
General revenues:			
Taxes and assessments:			
Real estate	1,907,332		1,907,332
Real estate transfer	339,257		339,257
Earned income	1,699,271		1,699,271
Local services	242,939		242,939
Public utility tax	3,619		3,619
Cable TV franchise tax	197,554		197,554
Investment earnings	464,011	389,758	853,769
Rentals	70,454		70,454
Gain (loss) on disposal of assets	119,047	(314,527)	(195,480)
Miscellaneous	105,111	67,804	172,915
Total general revenues	<u>5,148,595</u>	<u>143,035</u>	<u>5,291,630</u>
Changes in net position	2,091,460	1,781,259	3,872,719
Net position:			
Beginning	<u>14,158,941</u>	<u>15,424,303</u>	<u>29,583,244</u>
Ending	<u>\$ 16,250,401</u>	<u>\$ 17,205,562</u>	<u>\$ 33,455,963</u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

**BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General fund	Capital improvements fund	ARPA fund	Liquid fuels fund	Nonmajor other governmental funds	Total
ASSETS						
Cash and cash equivalents	\$ 1,816,330	\$ 774,719	\$ 446,750	\$ 433,291	\$ 678,615	\$ 4,149,705
Cash, escrow	92,911					92,911
Certificates of deposit	2,000,000	750,000	250,000	100,000	855,000	3,955,000
Taxes receivable	57,185				1,422	58,607
Accounts and interest receivable	85,285				164,777	250,062
Prepaid expenses	39,327					39,327
Due from other funds	967				70,000	70,967
Total assets	<u>\$ 4,092,005</u>	<u>\$ 1,524,719</u>	<u>\$ 696,750</u>	<u>\$ 533,291</u>	<u>\$ 1,769,814</u>	<u>\$ 8,616,579</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Accounts payable and accrued expenses	\$ 94,704	\$ 860			\$ 37,605	\$ 133,169
Escrow payable	92,911					92,911
Unearned revenue			\$ 626,007		1,000	627,007
Due to other funds					70,441	70,441
Total liabilities	<u>187,615</u>	<u>860</u>	<u>626,007</u>		<u>109,046</u>	<u>923,528</u>
Deferred inflows of resources, unavailable tax revenues	<u>33,717</u>				<u>1,173</u>	<u>34,890</u>
Fund balances:						
Nonspendable	39,327					39,327
Restricted:						
Liquid fuels fund				\$ 533,291		533,291
Parks and recreation fund					429,482	429,482
Street light fund					152,532	152,532
Special projects fund					568,334	568,334
Traffic signal, Route 422	21,836					21,836
Committed for fire protection					7,631	7,631
Assigned:						
Capital improvement fund		1,523,859				1,523,859
Capital reserve fund					501,616	501,616
ARPA			70,743			70,743
Unassigned	3,809,510					3,809,510
Total fund balances	<u>3,870,673</u>	<u>1,523,859</u>	<u>70,743</u>	<u>533,291</u>	<u>1,659,595</u>	<u>7,658,161</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,092,005</u>	<u>\$ 1,524,719</u>	<u>\$ 696,750</u>	<u>\$ 533,291</u>	<u>\$ 1,769,814</u>	<u>\$ 8,616,579</u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

Total governmental fund balances	\$ 7,658,161
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, lease receivable and inventory used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net	8,973,185
Lease receivable	313,550
Net pension asset	28,557
Inventory	41,607
 Other assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds, taxes revenues, including outstanding delinquent taxes	
	47,318
 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	882,427
Other postemployment benefits (other than pensions)	14,331
Deferred inflows of resources related to:	
Leases	(298,343)
Pensions	(956,852)
Other postemployment benefits (other than pensions)	(19,902)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(165,430)
Net pension liability	(108,184)
Net other postemployment benefits (other than pensions)	<u>(160,024)</u>
 Net position of governmental activities	 <u>\$ 16,250,401</u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General fund	Capital improvements fund	ARPA fund	Liquid fuels fund	Nonmajor other governmental funds	Total
Revenues:						
Taxes and assessments	\$ 4,125,366				\$ 61,845	\$ 4,187,211
Licenses, permits and fines	310,305					310,305
Intergovernmental revenues	448,725		\$ 618,064	\$ 423,272	186,093	1,676,154
Investment income and rents	233,267	\$ 89,911	66,783	51,582	85,687	527,230
Departmental earnings	29,995	21,021		2,693	47,021	100,730
Private sector contributions	11,047					11,047
Public safety	23,770					23,770
Miscellaneous	105,111					105,111
Refuse benefit fee	165,709					165,709
Total revenues	5,453,295	110,932	684,847	477,547	380,646	7,107,267
Expenditures:						
General government	540,440	233,612	33,824		16	807,892
Public safety	2,609,234		23,043		183,690	2,815,967
Public works	91,352				193,762	285,114
Highways	821,069		561,197	686,110	64,491	2,132,867
Parks and recreation	189,659	47,633			33,960	271,252
Total expenditures	4,251,754	281,245	618,064	686,110	475,919	6,313,092
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,201,541	(170,313)	66,783	(208,563)	(95,273)	794,175
Other financing sources (uses):						
Operating transfers:						
In		27,782			285,000	312,782
Out	(312,782)					(312,782)
Proceeds from sale of assets	26,197				92,850	119,047
Other financing sources (uses)	(286,585)	27,782			377,850	119,047
Excess (deficiency) of revenues and other financing over expenditures and other funding uses	914,956	(142,531)	66,783	(208,563)	282,577	913,222
Fund balances:						
January 1, 2023	2,955,717	1,666,390	3,960	741,854	1,377,018	6,744,939
December 31, 2023	\$ 3,870,673	\$ 1,523,859	\$ 70,743	\$ 533,291	\$ 1,659,595	\$ 7,658,161

See notes to financial statements.

NORTH LEBANON TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net changes in fund balances, total government funds	\$ 913,222
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:	
Capital outlays, net of disposals	1,701,031
Depreciation expense	(544,984)
Governmental funds report inventory consumption as expenditures. However, in the statement of activities, the cost of inventories is capitalized and reported as expenses as consumed.	
	8,565
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	8,823
The changes in the values of the net pension asset and liability and net other postemployment benefits liability are not reported in government funds:	
Net pension asset	28,557
Net pension liability	1,217,966
Net other postemployment benefits liability	(7,878)
The changes in the deferred outflows and inflows related to pensions and net other postemployment benefits are not reported in governmental funds:	
Deferred outflows related to pensions	(705,450)
Deferred inflows related to pensions	(507,144)
Deferred outflows related to net other postemployment benefits	1,296
Deferred inflows related to net other postemployment benefits	(6,336)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds, compensated absences	
	<u>(16,208)</u>
Changes in net position of governmental activities	<u><u>\$ 2,091,460</u></u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Sewer fund	Nonmajor		Total
		Water fund	Stormwater fund	
Current assets:				
Cash and cash equivalents	\$ 4,780,491	\$ 106,165	\$ 718,180	\$ 5,604,836
Cash, escrow	97,561			97,561
Certificates of deposit	3,000,000			3,000,000
Certificate of deposit, escrow	12,882			12,882
Accounts and interest receivable	89,557		20,614	110,171
Total current assets	7,980,491	106,165	738,794	8,825,450
Property, plant and equipment	18,785,908	2,848,944	561,128	22,195,980
Less accumulated depreciation	11,836,058	1,317,637	23,923	13,177,618
Total property, plant and equipment, net	6,949,850	1,531,307	537,205	9,018,362
Total assets	14,930,341	1,637,472	1,275,999	17,843,812
Deferred outflows of resources, deferred charge on refunding	696,786			696,786
Total assets and deferred outflows of resources	\$ 15,627,127	\$ 1,637,472	\$ 1,275,999	\$ 18,540,598

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2023

LIABILITIES AND NET POSITION

	Sewer fund	Nonmajor		Total
		Water fund	Stormwater fund	
Current liabilities:				
Accounts payable and accrued expenses	\$ 12,042		\$ 589	\$ 12,631
Due to other funds	85		441	526
Escrow payable	110,443			110,443
Current maturities of revenue notes and loan	645,719			645,719
Total current liabilities	768,289		1,030	769,319
Long-term liabilities:				
Guaranteed Water Revenue Note of 2015B, net of current portion	462,122			462,122
Pennvest loan, net of current portion	205,922			205,922
Note discounts, net of accumulated amortization	(102,327)			(102,327)
Total long-term liabilities	565,717			565,717
Total liabilities	1,334,006		1,030	1,335,036
Net position:				
Net investment in capital assets	6,435,200	\$ 1,531,307	536,764	8,503,271
Unrestricted	7,857,921	106,165	738,205	8,702,291
Total net position	14,293,121	1,637,472	1,274,969	17,205,562
Total liabilities and net position	\$ 15,627,127	\$ 1,637,472	\$ 1,275,999	\$ 18,540,598

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2023

	Sewer fund	Nonmajor		Total
		Water fund	Stormwater fund	
Operating revenues:				
Rentals and service charges	\$ 3,274,573	\$ 186,462	\$ 434,509	\$ 3,895,544
Ready to serve charges	508,998	105,300		614,298
Miscellaneous fees	67,804			67,804
Total operating revenues	3,851,375	291,762	434,509	4,577,646
Operating expenses:				
Sewage disposal and treatment	1,565,459			1,565,459
Administrative	583,962	2,096	19,505	605,563
Legal and engineering fees			8,705	8,705
Other operating expenses	1,697			1,697
Total operating expenses	2,151,118	2,096	28,210	2,181,424
Net operating income before depreciation and amortization	1,700,257	289,666	406,299	2,396,222
Less:				
Depreciation	475,862	71,224	13,694	560,780
Amortization	123,905			123,905
Net operating income	1,100,490	218,442	392,605	1,711,537
Nonoperating income (expenses):				
Grant revenues	32,882			32,882
Loss on sales of capital assets	(314,527)			(314,527)
Interest earnings	355,570	1,457	32,731	389,758
Interest expense	(38,391)			(38,391)
Total nonoperating income (expenses)	35,534	1,457	32,731	69,722
Net income	1,136,024	219,899	425,336	1,781,259
Other financing sources (uses), transfers in (out)	264,182	(264,182)		-
Change in net position	1,400,206	(44,283)	425,336	1,781,259
Net position:				
January 1, 2022, as restated	12,892,915	1,681,755	849,633	15,424,303
December 31, 2023	\$ 14,293,121	\$ 1,637,472	\$ 1,274,969	\$ 17,205,562

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2023

	Sewer fund	Nonmajor		Total
		Water fund	Stormwater fund	
Cash flows from operating activities:				
Cash received from customers	\$ 3,775,755	\$ 291,762	\$ 437,732	\$ 4,505,249
Cash payments to:				
Suppliers for goods and services	(1,762,099)	(2,096)	(28,955)	(1,793,150)
Employees for salaries and benefits	(386,149)			(386,149)
Other operating:				
Revenues	67,804			67,804
Expenses	(1,697)			(1,697)
Net cash provided by operating activities	1,693,614	289,666	408,777	2,392,057
Cash flows from noncapital financing activities:				
Grant revenues	32,882			32,882
Transfers from (to) other funds, net	264,182	(264,182)	164	164
Net cash provided by (used in) noncapital financing activities	297,064	(264,182)	164	33,046
Cash flows from capital and related financing activities:				
Capital expenditures	(90,149)		(16,036)	(106,185)
Paid on notes and loan:				
Principal	(1,432,439)			(1,432,439)
Interest	(38,391)			(38,391)
Net cash used in capital and related financing activities	(1,560,979)		(16,036)	(1,577,015)
Cash flows from investing activities:				
Purchase of certificates of deposit	(6,891,266)			(6,891,266)
Redemption of certificates of deposit	7,154,130		150,909	7,305,039
Interest earnings	355,570	1,457	32,731	389,758
Net cash provided by investing activities	618,434	1,457	183,640	803,531

NORTH LEBANON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Sewer fund	Nonmajor		
		Water fund	Stormwater fund	Total
Net increase in cash and cash equivalents	\$ 1,048,133	\$ 26,941	\$ 576,545	\$ 1,651,619
Cash and cash equivalents:				
Beginning of year	3,732,358	79,224	141,635	3,953,217
End of year	\$ 4,780,491	\$ 106,165	\$ 718,180	\$ 5,604,836
Reconciliation of operating income to net cash provided by operating activities:				
Net operating income	\$ 1,100,490	\$ 218,442	\$ 392,605	\$ 1,711,537
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	475,862	71,224	13,694	560,780
Amortization	123,905			123,905
(Increase) decrease in accounts and interest receivable	(7,816)		3,223	(4,593)
Increase (decrease) in liabilities, accounts payable and accrued expenses	1,173		(745)	428
Total adjustments	593,124	71,224	16,172	680,520
Net cash provided by operating activities	\$ 1,693,614	\$ 289,666	\$ 408,777	\$ 2,392,057

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	Police Pension fund	Nonuniformed Pension fund	Total
Assets, investments	<u>\$ 6,089,165</u>	<u>\$ 4,805,972</u>	<u>\$ 10,895,137</u>
Net position restricted for pensions	<u>\$ 6,089,165</u>	<u>\$ 4,805,972</u>	<u>\$ 10,895,137</u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023

	<u>Police Pension fund</u>	<u>Nonuniformed Pension fund</u>	<u>Total</u>
Additions:			
Contributions:			
State aid and Township Employees	\$ 108,241 52,908	\$ 82,339	\$ 190,580 52,908
Total contributions	161,149	82,339	243,488
Net investment income	<u>729,005</u>	<u>583,942</u>	<u>1,312,947</u>
Total additions	890,154	666,281	1,556,435
Deductions:			
Benefit payments	172,228	198,338	370,566
Administrative expenses	<u>2,444</u>		<u>2,444</u>
Total deductions	174,672	198,338	373,010
Net increase	715,482	467,943	1,183,425
Net position restricted for pensions:			
Beginning of year	<u>5,373,683</u>	<u>4,338,029</u>	<u>9,711,712</u>
End of year	<u>\$ 6,089,165</u>	<u>\$ 4,805,972</u>	<u>\$ 10,895,137</u>

See notes to financial statements.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

North Lebanon Township (the Township) is located in Lebanon County, Pennsylvania. It is a Township of the second class and operates under an elected five-member Board of Supervisors. The Township provides services in many areas to its residents, including building regulation, maintenance of roadways, community enrichment programs, various general government services and supports the operations of fire companies.

The financial statements of North Lebanon 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 North Lebanon Township are described below.

Reporting entity:

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

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

Based upon the criteria above, the only organization the Township has included in its reporting entity is the North Lebanon Township Municipal Authority (the Municipal Authority or the Authority). The Township appoints the Authority's board, has guaranteed the Authority's outstanding debt and manages the Authority's systems. The Township has blended the financial statements of the Authority as a proprietary fund type. There were no other organizations which met the reporting entity criteria as defined by GASB.

Basis of presentation:

Government-wide financial statements - The statement of net position and statement of activities report 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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

1. Nature of organization 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets (including deferred outflows of resources), liabilities (including 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. The same element that met the 10% criterion in (a) is at least 5% of the corresponding element total for all funds combined.

Fund balance classifications:

Government-wide statements – Fund balance is classified as net position and displayed in three components:

- a. Net 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 assets 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 assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund statements - The Township follows GASB standards, which report the nature and extent of the constraints placed on the Township’s fund balances. The following classifications describe the relative strength of the spending constraints.

- a. 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.
- b. Committed fund balance – Resources constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e., Township Board). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same level action to remove or change the constraint. This formal action is a Township Board approved resolution.
- c. Nonspendable fund balance – Resources that are not in spendable form and include items such as prepaid expenditures.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Fund balance classifications:

- d. Assigned fund balances – Resources constrained by the Township's intent to use them for specific purposes such as capital improvement projects. There have been no formal actions taken by the Township supervisors to commit these funds for any specific purpose.
- e. Unassigned fund balance – Resources that have not been restricted, committed or assigned for specific purposes. Accounts for funds not reported in other funds.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, assigned fund balance is applied first. Unassigned fund balance is applied last. The General Fund is the only fund that reports a positive unassigned fund balance.

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

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 - Accounts for the proceeds of specific revenue sources (other than capital projects and debt service) that are restricted for specified purposes.

Capital projects funds - Accounts for restricted, committed or assigned financial resources to be used for the acquisition or construction of major capital facilities.

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 North Lebanon Township consist of pension trust funds. The other postemployment medical benefits fund has an asset and net position balance of zero as of December 31, 2023.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Fund balance classifications:

Proprietary fund types - Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Following is the Township's proprietary fund type:

Enterprise fund - Enterprise funds are used to account for the Township's operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost of providing goods or services to the residents on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans. The following funds are used to account for those financial activities:

North Lebanon Township Municipal Authority - This component unit is used to account for the revenues and other costs and expenses of providing sewer and water service to residents, commercial and industrial entities.

Stormwater fund - Is used to account for stormwater initiatives including, but not limited to, engineering, professional fees and stormwater consortium fees. This fund also accounts for the daily operations of the stormwater system and billing and collection of stormwater service fees.

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 improvement fund - Accounts for resources assigned by the Board of Supervisors for anticipated capital expenditures and debt service.

American Rescue Plan Act of 2021 (ARPA) fund - A fund established by the Township's management to maintain the ARPA funds received by the Township. 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 (see Note 16). The funds have been assigned by the Township's management for ongoing and future provisions of governmental services related to various capital projects.

Liquid fuels fund - Accounts for funds restricted for maintenance and construction of Township highways, traffic signals and bridges. Financing is provided by the Township's share of the state liquid fuels tax.

Authority:

Sewer fund - The Authority fund that accounts for maintenance and construction of the sewer system throughout the Township. The fund also accounts for resources for anticipated operating and capital expenditures and debt service. Financing is provided by sewer rentals collected from the Township's sewer system customers and by the Authority's collection of ready-to-serve charges.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Fund balance classifications:

Nonmajor funds:

Special revenue funds:

Special projects fund - Accounts for intergovernmental grants and recycling income restricted for recycling equipment, education and facilities.

Street light fund - Accounts for resources restricted to maintain street lights within the Township. Financing is provided by a front footage assessment of properties located within 250 feet of a street light. The current assessment rate is \$.51 per foot.

Parks and recreation fund - Accounts for fees in lieu of taxes provided and restricted by developers to the Township for recreational park improvements.

Capital projects funds:

Capital reserve fund - Accounts for refuse benefit fees transferred from the General Fund and assigned by the Board of Supervisors for anticipated capital expenditures.

Fire protection fund - Accounts for resources committed by the Board of Supervisors for anticipated capital expenditures related to fire protection.

Enterprise fund:

Stormwater fund – Is used to account for stormwater initiatives including, but not limited to, engineering, professional fees and stormwater consortium fees. This fund also accounts for the daily operations of the stormwater system and billing and collection of stormwater service fees.

Authority:

Water fund - Township Authority fund that accounts for maintenance and construction of water lines throughout the Township. Financing is provided by water rentals collected from Township water customers.

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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Basis of accounting:

The government-wide statement of net position and statement of activities and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all 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.

The statement of net position, statement of activities and fiduciary funds 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.

The fund financial statements of the governmental 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. 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.

Real estate transfer taxes, 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 deferred inflows of resources as unavailable tax revenues. Taxpayer assessed revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period.

- b. Inventory is recognized when purchased.
- c. Principal and interest on long-term debt are recognized when due.
- d. Accumulated unpaid vacation pay and sick pay amounts which are expected to be paid with expendable available financial resources are recorded in the respective fund financial statements in accordance with criteria prescribed in GASB standards. Accrued costs include payroll related expenditures such as the employer's share of Social Security taxes. As of December 31, 2023, no such costs have been recorded in the fund financial statements.
- e. All budgets have been adopted on the modified-accrual basis of accounting for all governmental fund types.

The Authority and the stormwater fund use the accrual basis of accounting as required by generally accepted accounting principles for proprietary fund types.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Cash, cash equivalents and certificates of deposits:

The Township and Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and external investment pool held by Pennsylvania Local Government Investment Trust (PLGIT) with original maturities of three months or less. External investment pools are reported 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. Cash on hand and demand deposits are reported at carrying amounts which reasonably approximate fair value.

For purposes of the statement of cash flows, the management of the Township and Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Escrow deposits are excluded from cash equivalents.

Receivables:

Accounts receivable and taxes receivable determined as being uncollectible are written off. As of December 31, 2023, the Township believes all accounts and taxes receivable are 100% collectible.

Inventory:

Inventory consists of expendable supplies held for consumption. Inventories are presented at the lower of cost or net realizable value on a first-in, first-out basis and expensed when used for the government-wide statements.

Prepaid items:

Payments for expenses reflect costs applicable to future accounting periods and are recorded as prepaid expenses on the statement of net position and balance sheet.

Capital assets:

General capital assets are capital assets which are associated with and generally arise from governmental and business-type activities. They generally result from expenditures in the governmental and proprietary funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are reported at their acquisition value as of the date received. 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. The Township's infrastructure consists of roads, bridges, traffic signals and stormwater systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

1. Nature of organization 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>Estimated lives</u>
Buildings and improvements	40 years
Machinery and equipment	10 years
Vehicles	7 years
Infrastructure	25 - 50 years

Deferred outflows/inflows of resources:

The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods, and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows are for the following: (a) changes in assumptions related to the pensions, (b) difference between projected and actual investment earnings on pension investments and (c) differences between expected and actual net other postemployment medical benefits experience. All are presented on the Township's statement of net position.

The statement of net position and 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 net position or 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 four types of items, unavailable tax revenues, which arise only under a modified accrual basis of accounting on the balance sheet – governmental funds. The Township's statement of net position also reported an inflow of resources related to its leases, which arises from future cash flows from the Township's communication tower lease agreement. The other deferred inflows are for the following: (a) differences between expected and actual pension experience and (b) changes in assumptions related to the net other postemployment medical benefits. All are presented on the Township's statement of net position.

Long-term debt:

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and a loan payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

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 debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources that have matured as a result of resignations and retirement.

Fiduciary funds:

The Township has two single-employer pension plans that cover police and nonuniformed employees. These funds are maintained in accordance with Act 205 established by the Commonwealth in 1984. Investments within the funds are stated at fair values. The other postemployment medical benefits plan has an asset and net position balance of zero as of December 31, 2023.

Pension plans and other postemployment medical benefits:

The government-wide financial statements report pension obligations and other postemployment medical benefits as earned using actuarial calculations which allocate expected costs over employees' service periods. Fund financial statements report employer contributions to the pension plans and other postemployment medical benefits as expenditures as they are made.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Municipal Authority:

The practices and policies specific to the Municipal Authority are as follows:

Basis of presentation - The Authority accounts for all funds existing under its jurisdiction, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses.

Project costs - All costs incurred in constructing the various sewer and water systems, either fully completed or under construction as of the year end, have been capitalized during the construction period. As the systems become operational to their intended users, the Authority recognizes depreciation on the construction costs using the straight-line method over 40 years.

Change in accounting principle:

During the current year, the Township adopted GASB Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements* and GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. The Township's beginning balances and current year results were not affected by the implementation of these new standards.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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

Pending GASB statements:

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. The objective of 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 or assessing accountability. The provisions of this Statement are effective for the Township's 2024 financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for the Township's 2024 financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this statement are effective for the Township's 2025 financial statements.

The effects of the implementation of these standards have not yet been determined.

2. Property tax calendar:

Property taxes are levied as of January 1 on property values assessed as of that same date. The tax bills are mailed on March 1. They are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending June 30, which is also the date before a 10% penalty is assessed for late payment.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

3. Cash 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
- 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 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 and Authority'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 and Authority 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 and Authority have no policy regarding custodial credit risk for deposits and investments.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

3. Cash and investments (continued):

Custodial credit risk, deposits and investments:

As of December 31, 2023, \$225,881 of the Township and Authority's bank balance of \$493,554 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. Act 72 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.

Deposits:

Collateral held by the pledging bank under Act 72 but not in the Township's or Authority's name	\$ 225,881
Insured by Federal Deposit Insurance Corporation	267,673
Outstanding checks	(55,895)
Deposits in transit	17,285
Petty cash	<u>959</u>
Total deposits	455,903

Fair value

Investments (available upon demand),

Pennsylvania Local Government Investment Trust (PLGIT) AAAM:

Class	\$ 446,933
Prime	9,055,059
Term	<u>6,955,000</u>

Total deposits and investments

\$ 16,912,895

Reconciliation with statement of net position:

Cash and cash equivalents	\$ 9,754,541
Cash, escrow	190,472
Certificates of deposit	6,955,000
Certificate of deposit, escrow	<u>12,882</u>

\$ 16,912,895

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

3. Cash and investments (continued):

Custodial credit risk, deposits and investments:

	<u>Fair value</u>
Pension investments:	
Fair value (Level 1):	
Police pension:	
Principal Financial Group, fixed income funds	\$ 123,088
Charles Schwab, mutual funds	5,905,446
Nonuniformed pension,	
Charles Schwab, mutual funds	<u>4,757,130</u>
Total investments at fair value (Level 1)	<u>10,785,664</u>
Fair value (net asset value):	
Police pension,	
Charles Schwab, mutual funds, real estate	60,631
Nonuniformed pension,	
Charles Schwab, mutual funds, real estate	<u>48,842</u>
Total investments at fair value (net asset value)	<u>109,473</u>
Total pension investments at fair value	<u>\$ 10,895,137</u>
Reconciliation with statement of fiduciary net position:	
Police Pension Fund	\$ 6,089,165
Nonuniform Pension Fund	<u>4,805,972</u>
	<u>\$ 10,895,137</u>

NORTH LEBANON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

3. Cash and investments (continued):

Certificates of deposit:

The Township and Authority's certificates of deposit, stated at fair value, consisted of the following as of December 31, 2023:

<u>Certificates of deposit</u>	
PLGIT:	
Certificate maturing on January 25, 2024, rate 5.77%	\$ 1,100,000
Certificate maturing on January 30, 2024, rate 5.79%	500,000
Certificate maturing on February 1, 2024, rate 5.79%	1,000,000
Certificate maturing on February 23, 2024, rate 5.81%	500,000
Certificate maturing on March 27, 2024, rate 5.76%	1,300,000
Certificate maturing on April 9, 2024, rate 5.79%	250,000
Certificate maturing on April 11, 2024, rate 5.76%	250,000
Certificate maturing on April 30, 2024, rate 5.80%	305,000
Certificate maturing on May 6, 2024, rate 5.80%	1,750,000
 Jonestown Bank,	
certificate maturing on October 20, 2024, rate 3.93%	<u>12,882</u>
	<u><u>\$ 6,967,882</u></u>
 Reconciliation with statement of net position:	
Certificates of deposit	\$ 6,955,000
Certificate of deposit, escrow	<u>12,882</u>
	<u><u>\$ 6,967,882</u></u>

External investment pool:

The Township and Authority use external investment pools to ensure safety and maximize efficiency, liquidity and yield for Township and Authority 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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

3. Cash and investments (continued):

External investment pool:

The Township and Authority have funds totaling \$16,456,992 invested in PLGIT. PLGIT funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain constant net assets value of \$1 per share. The Township and Authority are invested in the following PLGIT investment options:

- PLGIT Class Shares - A flexible option which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.
- PLGIT Prime - A variable rate investment portfolio rated AAAM by Standard & Poor's. This option requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.
- PLGIT Term - A fixed term investment portfolio of the Trust with maturity of up to one year, depending upon the termination date of any particular series within the PLGIT/TERM portfolio. This option requires a minimum initial investment of \$100,000, a minimum investment period of 60 days, and has a premature withdrawal penalty.

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, 2023, PLGIT carries an AAAM rating and has an average maturity of less than one year.

Interest rate risk:

The Township and Authority do not have formal investment policies that limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit risk:

The Township and Authority's 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 and Authority must be rated in the highest category by a nationally recognized rating agency.

4. Cash escrow:

Represents funds held in escrow by the Township and Authority until such time as the developer or customer completes construction of a specified project.

NORTH LEBANON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

5. Leases receivable:

The Township has entered into a communication tower lease agreement, with monthly rental payments ranging from approximately \$1,200 to \$2,500. The agreement has various consecutive renewal options at the lessee's discretion, which extend the lease terms to expiring in February 2040. These renewal options have been included in the lease receivable as of December 31, 2023. The current renewal periods expire in February 2025. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.04%. Lease revenues generated for the year ended December 31, 2023 were \$17,409, all of which were recognized in the General Fund.

The following is the schedule of the lease receivable as of December 31, 2023:

2023	\$ 18,241
2024	18,789
2025	19,352
2026	19,933
2027	20,531
Thereafter	<u>275,723</u>
Total	372,569
Present value discount	<u>(59,019)</u>
Lease receivable	<u><u>\$ 313,550</u></u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. Capital assets:

A summary of the activity in the general fixed assets was as follows:

Governmental activities:

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>
Capital assets not being depreciated, land	\$ 798,121	\$ 194,190		\$ 992,311
Capital assets being depreciated:				
Buildings and improvements	4,244,853	31,000		4,275,853
Automotive equipment	1,378,134	230,528		1,608,662
Machinery and equipment	2,165,044	88,679		2,253,723
Bridges	1,029,736			1,029,736
Roads	<u>13,167,791</u>	<u>1,156,634</u>		<u>14,324,425</u>
Total capital assets being depreciated	<u>21,985,558</u>	<u>1,506,841</u>		<u>23,492,399</u>
Less accumulated depreciation:				
Buildings and improvements	2,181,504	108,924		2,290,428
Automotive equipment	831,838	126,758		958,596
Machinery and equipment	1,631,643	135,504		1,767,147
Bridges	1,029,736			1,029,736
Roads	<u>9,291,820</u>	<u>173,798</u>		<u>9,465,618</u>
Total accumulated depreciation	<u>14,966,541</u>	<u>544,984</u>		<u>15,511,525</u>
Total capital assets being depreciated, net	<u>7,019,017</u>	<u>961,857</u>		<u>7,980,874</u>
Governmental activities, capital assets, net	<u>\$ 7,817,138</u>	<u>\$ 1,156,047</u>		<u>\$ 8,973,185</u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. Capital assets (continued):

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 72,455
Public safety	65,950
Public works	37,782
Highway	327,247
Culture, recreation	<u>41,550</u>
 Total depreciation expense	 <u><u>\$ 544,984</u></u>

7. Property, plant and equipment:

Business-type activities:

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>
Capital assets:				
Systems:				
Water	\$ 2,848,944			\$ 2,848,944
Sewer	18,356,190		\$ 420,046	17,936,144
Equipment	759,615	\$ 90,149		849,764
Stormwater infrastructure	<u>545,092</u>	<u>16,036</u>		<u>561,128</u>
 Total capital assets	 <u>22,509,841</u>	 <u>106,185</u>	 <u>420,046</u>	 <u>22,195,980</u>
 Less accumulated depreciation:				
Systems:				
Water	1,246,413	71,224		1,317,637
Sewer	10,793,766	439,236	105,519	11,127,483
Equipment	671,949	36,626		708,575
Stormwater infrastructure	<u>10,229</u>	<u>13,694</u>		<u>23,923</u>
 Total accumulated depreciation	 <u>12,722,357</u>	 <u>560,780</u>	 <u>105,519</u>	 <u>13,177,618</u>
 Capital assets, net	 <u><u>\$ 9,787,484</u></u>	 <u><u>\$(454,595)</u></u>	 <u><u>\$ 314,527</u></u>	 <u><u>\$ 9,018,362</u></u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. Long-term debt:

Pennvest loan:

During 2013, the Authority withdrew loan proceeds of \$486,958 from Pennvest to finance the construction of the Rockwood sewer project. In 2015, the Authority received additional loan proceeds from Pennvest of \$79,268. The loan required interest only payments through February 2014. Starting March 1, 2014, the Authority made monthly interest and principal payments of \$2,597 at an interest rate of 1.0%. The loan payments continue through October 1, 2031. The Authority paid off its portion of the loan in 2016, and the remaining loan balance is the responsibility of Swatara Township.

Loan payments to maturity are scheduled as follows at December 31, 2023:

	Principal	Interest	Debt service
2024	\$ 28,945	\$ 2,216	\$ 31,161
2025	29,236	1,925	31,161
2026	29,530	1,631	31,161
2027	29,826	1,335	31,161
2028	30,126	1,035	31,161
2029-2031	87,204	1,279	88,483
Total	\$ 234,867	\$ 9,421	\$ 244,288

Guaranteed Sewer Revenue Note, Series of 2015A:

In June 2016, the Authority issued Series A of 2015 Guaranteed Sewer Revenue Note in the aggregate principal balance of \$8,818,000. The proceeds of the note were used to: (1) currently refund the remaining portion of the Series A of 2009 Guaranteed Sewer Revenue Bonds and (2) pay the costs and expenses of issuing the Series A of 2015 Note. The note was amended on January 15, 2021 to obtain better interest rates, while changing the payments to be remitted monthly. The schedules on the following page reflect the changes as a result of the amendment.

The North Lebanon Township Municipal Authority had assigned and pledged to the trustee the revenues and receipts from the Authority's system, and under certain circumstances, from money to be made available to the trustee pursuant to a guaranty agreement with North Lebanon Township, as guarantor, the Authority and the trustee. In the guaranty agreement, the Township unconditionally covenants to pay the principal and interest on the note if the situation warrants, and is entitled to reimbursement by the Authority under a separate reimbursement agreement.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. Long-term debt (continued):

Guaranteed Sewer Revenue Note, Series of 2015A:

Sewer revenue note outstanding at December 31, 2023 was as follows:

<u>Principal amount</u>	<u>Maturity date</u>	<u>Interest rate</u>
\$ 522,539	2024	2.04 %

Sewer revenue note debt service requirements, including interest of \$69,481, are as follows:

	<u>Debt service</u>
2024	\$ 592,020

Guaranteed Water Revenue Note, Series of 2015B:

In June 2016, the Authority issued Series B of 2015 Guaranteed Water Revenue Note in the aggregate principal balance of \$2,196,000. The proceeds of the note were used to: (1) currently refund the remaining portion of the Series B of 2009 Guaranteed Water Revenue Bonds and (2) pay the costs and expenses of issuing the Series B of 2015 Note. The note was amended on December 15, 2020 to obtain better interest rates, while changing the payments to be remitted monthly. The schedules below reflect the changes as a result of the amendment.

The North Lebanon Township Municipal Authority had assigned and pledged to the trustee the revenues and receipts from the Authority's water system, and under certain circumstances, from money to be made available to the trustee pursuant to a guaranty agreement with North Lebanon Township, as guarantor, the Authority and the trustee. In the guaranty agreement, the Township unconditionally covenants to pay the principal and interest on the note if the situation warrants, and is entitled to reimbursement by the Authority under a separate reimbursement agreement.

Water revenue note outstanding at December 31, 2023 was as follows:

<u>Principal amount</u>	<u>Maturity date</u>	<u>Interest rate</u>
\$ 94,235	2024	1.60 %
95,754	2025	1.60
97,298	2026	1.60
98,866	2027	1.60
100,460	2028	1.60
69,744	2029	2.75-4.25
<u>\$ 556,357</u>		

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. Long-term debt (continued):

Guaranteed Water Revenue Note, Series of 2015B:

Water revenue note debt service requirements for the next five years and thereafter, including interest of \$92,122, are as follows:

	Debt service
2024	\$ 109,328
2025	109,328
2026	109,328
2027	113,414
2028	124,017
2029	83,064
 Total	 \$ 648,479

The following is a summary of changes in the Authority's Guaranteed Sewer Revenue Note and Water Revenue Note for the year ended December 31, 2023:

Error! Not a valid link.

Loss on refunding:

The refunding of the 1993A and 1993B bond issues by the 1997 bond issue and the refunding of a portion of the 1997 bonds by the 2002 and 2005 bond issue and the refunding of the 2002 and 2005 bonds by the Series 2009A and 2009B bonds, resulted in a loss on the refunding of these issues which consists of the following at December 31, 2023:

Loss on refunding:	
Series of 1997	\$ 250,312
Series of 2002 and 2005	1,232,879
Swap termination fee on refunding of 2002 and 2005 bond issues	1,410,800
Amortization of losses through 2023	(2,197,205)
Loss on refunding, net of amortization	\$ 696,786

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

8. Long-term debt (continued):

Loss on refunding:

In 2009, the Authority paid \$1,410,800 in SWAP termination fees for interest rate management plans on the 2002 and 2005 bonds upon the issuance of the Series 2009A and 2009B bonds in 2009. The termination fee loss has been included in the costs for the loss on refunding. The termination fee, as well as the unamortized bond issuance costs of the 2002 and 2005 refunded bond issues, are being amortized over the shorter life of the 2002 and 2005 bonds of 23 years using the straight-line method.

Loss on refunding is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is reported as a deferred outflow of resources. The amortization for 2023 was \$114,942.

9. Defined benefit pension plans:

Plan description:

North Lebanon 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 Township ordinances and Collective Bargaining Agreements adopted pursuant to Act 600 as enacted by the Pennsylvania legislature in 1988. The Township has delegated the authority to manage plan assets to Charles Schwab and Principal Financial Group as trustees of the plan assets. The respective plan assets may be used only for the payment of benefits to members and expenses of the plans, in accordance with the terms of the plans. The plans provide retirement, disability and death benefits to plan members and their beneficiaries.

The plans are administered by a four-person pension board that consists of the Township Board of Supervisor's President, the Township Manager, the Assistant Township Manager and the Police Chief. The pension board is appointed by the Township Board of Supervisors.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Plan membership:

As of December 31, 2023, participation in the respective plans is as follows:

Police Pension Plan

Membership:	
Active employees	11
Retirees and beneficiaries currently receiving benefits	8 *
Terminated employees entitled to benefits	<u>1</u>
Total	<u>20</u>

* Includes 1 member in the DROP.

Nonuniformed Pension Plan

Membership:	
Active employees	14
Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits	<u>2</u>
Total	<u>28</u>

Funding policy:

Plan members are currently not required to contribute to the Nonuniformed Pension Plan. Members of the Police Pension Plan are required to contribute 5% of compensation. 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 (the Act), 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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Funding policy:

Funding of the respective plans was provided as follows for 2023:

<u>Description</u>	<u>Police Pension Plan *</u>	<u>Nonuniformed Pension Plan</u>
Annual covered payroll	\$ 1,081,633	\$ 755,249
Employee contribution rate	5.0% of gross wages *	N/A
Employee contributions paid in 2023	52,908	
Employer contributions paid in 2017		
State aid and Township contributions paid in 2023	108,241	82,339
Total contributions made as a percentage of payroll	14.90%	10.90%

* Effective January 1, 2015 members contribute 5.0% of compensation.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Summary of plan provisions:

	Police Pension Plan	Nonuniformed Pension Plan
a. Covered employees	All full-time police	All full-time nonuniformed employees
b. Eligibility for benefits	After age 50 and completion of 25 years of service.	After age 62 and completion of 12 years of service.
c. Monthly pension benefit	Equal to 50% of average monthly pay, plus a service increment equal to 2.50% of average monthly pay per year of service over 25 years, up to a maximum service increment of \$100 per month.	Equal to 2.00% of average monthly pay times the number of years of service completed. For members hired on or after June 1, 2018, the amount of the monthly pension is equal to 1.50% of the average monthly compensation, times the number of years of service completed.
	Average monthly pay is based upon the last 36 months of employment.	Average monthly pay is based upon the last 36 months of employment.
d. Vesting	Upon completion of 12 years of service.	Upon completion of 12 years of service.
e. Early retirement	A member who has completed 20 years of vesting service is eligible for early retirement.	A member is eligible for early retirement after attainment of age 55 and completion of 12 years of vesting service.
f. Disability retirement	If an active member is disabled in the line of duty, he/she is eligible for a disability pension. The monthly disability pension is equal to 50% of the member's monthly salary at the time the disability was incurred.	N/A
g. Death benefits	If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his/her 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.	The preretirement death benefit for a member is payable to his surviving spouse in an amount equal to 50% of the amount that would have been payable to the member if he/she had retired on the day of his death.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Summary of plan provisions:

	<u>Police Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
h. Deferred retirement option program	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 12 months or more than 60 months. Effective January 1, 2023, the maximum DROP period is 48 months. His/her 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.	N/A

Net pension (asset) liability:

The net pension (asset) liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2023. Updated procedures were used to roll forward to the plans' fiscal year ended December 31, 2023. No significant events or changes in assumptions occurred between the valuation date and the year end. The components of the net pension (asset) liability of the Township as of December 31, 2023 were as follows:

	<u>Police Pension Plan</u>	<u>Nonuniformed Pension Plan</u>	<u>Total</u>
Total pension liability	\$ 6,060,608	\$ 4,914,156	\$ 10,974,764
Plan fiduciary net position	6,089,165	4,805,972	10,895,137
Net pension (asset) liability	(28,557)	108,184	79,627
Plan fiduciary net position as a percentage of the total pension liability	100.47%	97.80%	99.27%

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Actuarial assumptions:

The total pension liability in the January 1, 2023 actuarial valuations were determined using the following economic assumptions, applied to all periods included in the measurement.

	<u>Police Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
Inflation	3.00%	3.00%
Salary increases	5.00% (average, including inflation)	4.50% (average, including inflation)
Investment rate of return	7.50% (including inflation)	7.50% (including inflation)
Postretirement cost of living increase	0.00%	0.00%
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors*	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 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>Police Pension Plan</u>	
<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	41%	5.50% - 7.50%
International equity	15%	4.50% - 6.50%
Fixed income	41%	1.00% - 3.00%
Real estate	3%	4.50% - 6.50%
	<u>100%</u>	

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Actuarial assumptions:

Nonuniformed Pension Plan		
Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	44%	5.50% - 7.50%
International equity	15%	4.50% - 6.50%
Fixed income	38%	1.00% - 3.00%
Real estate	3%	4.50% - 6.50%
	100%	

Discount rate:

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Changes in the police net pension (asset) liability:

The changes in the police net pension (asset) liability for the Township for the year ended December 31, 2023 was as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net position (asset) liability (a) - (b)
Balances at January 1, 2023	\$ 6,122,441	\$ 5,373,683	\$ 748,758
Service cost	154,167		154,167
Interest cost	486,709		486,709
Changes in experience	(530,481)		(530,481)
Contributions:			
Employer		108,241	(108,241)
Members		52,908	(52,908)
Net investment income		729,005	(729,005)
Benefit payments, including refund of member contributions	(172,228)	(172,228)	-
Administrative expense		(2,444)	2,444
Net changes	(61,833)	715,482	(777,315)
Balances at December 31, 2023	<u>\$ 6,060,608</u>	<u>\$ 6,089,165</u>	<u>\$ (28,557)</u>

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 7.50%, 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% lower or 1.00% higher than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Plan's net pension (asset) liability	<u>\$ 714,755</u>	<u>\$ (28,557)</u>	<u>\$ (645,132)</u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Changes in the nonuniformed net pension liability:

The changes in the nonuniformed net pension liability for the Township for the year ended December 31, 2023 was as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net position liability (a) - (b)
Balances at January 1, 2023	\$ 4,915,421	\$ 4,338,029	\$ 577,392
Service cost	66,190		66,190
Interest cost	349,767		349,767
Changes in experience	(218,884)		(218,884)
Contributions, employer		82,339	(82,339)
Net investment income		583,942	(583,942)
Benefit payments, including refund of member contributions	(198,338)	(198,338)	-
Net changes	(1,265)	467,943	(469,208)
Balances at December 31, 2023	<u>\$ 4,914,156</u>	<u>\$ 4,805,972</u>	<u>\$ 108,184</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 7.50%, 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% lower or 1.00% higher than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
	Plan's net pension (asset) liability	<u>\$ 593,620</u>	<u>\$ 108,184</u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Police pension expense:

The police pension expense for the Township for the year ended December 31, 2023 was as follows:

Service cost	\$ 154,167
Interest on the total pension liability	486,709
Differences between expected and actual experience ¹	(163,901)
Changes of assumptions ¹	29,789
Member contributions	(52,908)
Projected earnings on pension plan investments	(402,519)
Difference between projected and actual earnings on investments ²	28,499
Pension plan administrative expense	<u>2,444</u>
Total pension expense	<u>\$ 82,280</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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Police deferred outflows and inflows of resources:

At December 31, 2023, deferred outflows and inflows of resources related to the pension were from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Net total</u>
Differences between expected and actual experience		\$ 693,550	\$(693,550)
Change of assumptions	\$ 59,102		59,102
Difference between projected and actual investment earnings	<u>406,656</u>		<u>406,656</u>
Total	<u><u>\$ 465,758</u></u>	<u><u>\$ 693,550</u></u>	<u><u>\$(227,792)</u></u>

Amounts reported as deferred outflows and inflows of resources related to the pension are included in the pension expense as follows:

2024	\$ (33,280)
2025	59,641
2026	103,659
2027	(158,882)
2028	(66,310)
Thereafter	<u>(132,620)</u>
	<u><u>\$ (227,792)</u></u>

NORTH LEBANON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

9. Defined benefit pension plans (continued):

Nonuniformed pension expense:

The nonuniformed pension expense for the Township for the year ended December 31, 2023 was as follows:

Service cost	\$ 66,190
Interest on the total pension liability	349,767
Differences between expected and actual experience ¹	(78,324)
Changes of assumptions ¹	37,431
Projected earnings on pension plan investments	(321,002)
Difference between projected and actual earnings on investments ²	<u>20,310</u>
Total pension expense	<u><u>\$ 74,372</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.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Nonuniformed deferred outflows and inflows of resources:

At December 31, 2023, deferred outflows and inflows of resources related to the pension were from the following sources:

	Deferred outflows of resources	Deferred inflows of resources	Net total
Differences between expected and actual experience		\$ 263,302	\$(263,302)
Change of assumptions	\$ 78,375		78,375
Difference between projected and actual investment earnings	338,294	_____	338,294
Total	\$ 416,669	\$ 263,302	\$ 153,367

Amounts reported as deferred outflows and inflows of resources related to the pension are included in the pension expense as follows:

2024	\$ 64,380
2025	112,306
2026	149,873
2027	(74,028)
2028	(26,201)
Thereafter	(72,963)
	\$ 153,367

Pension investments:

The Township follows GASB Statement No. 72, *Fair Value Application and Measurement*. The Township categorizes the fair value of its pension 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 pension investments that are measured using Levels 2 and 3 inputs. Pension investments in real estate are not included in any of the fair value hierarchy levels. Real estate investments are reported at net asset value. Net asset value is the investment's assets less the liabilities.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

9. Defined benefit pension plans (continued):

Pension investments:

As of December 31, 2023, pension investments were held as follows:

	Police Pension Plan	Nonuniformed Pension Plan	Total
Pension investments:			
Fair value (Level 1):			
Principal Financial Group, fixed income funds	\$ 123,088		\$ 123,088
Charles Schwab, mutual funds	5,905,446	\$ 4,757,130	10,662,576
Total investments at fair value (Level 1)	6,028,534	4,757,130	10,785,664
Net asset value,			
Charles Schwab, mutual funds, real estate	60,631	48,842	109,473
Total pension investments	\$ 6,089,165	\$ 4,805,972	\$ 10,895,137

There are no investments in loans to or leases with related parties to the pension plans.

Police and nonuniformed investment policy and objective:

The pension plans' policy in regards to the allocation of invested assets is established and may be amended by the pension board. The investment policy of the plans is to maximize the total rate of return over the long-term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

Principal Financial Group and Charles Schwab will be expected to manage a portion of the total portfolios of the Police and Nonuniformed Pension Plans in accordance with these target allocations. The plans' investment policy establishes the following asset classes with the following target asset allocation:

Asset class	Target allocation
Equities	65 %
Fixed income	35
	100 %

The investment policy remains in effect until revoked or changed by the respective pension boards. There were no changes in policy for 2023.

NORTH LEBANON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

9. Defined benefit pension plans (continued):

Police and nonuniformed investment policy and objective:

The following is a summary of the Police and Nonuniformed Pension Plans' dollar-weighted rates of investment return:

Annual dollar-weighted rate of return:	
Police pension	13.90%
Nonuniformed pension	13.69%

10. Other postemployment medical benefits:

The Township applies GASB standards for the measurement, recognition and reporting of expenditures for other 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 description:

North Lebanon Township provides health-related benefits for its police officers through its group health insurance plan. Benefit provisions are established through negotiations between the Township and the union representing the police officers. The negotiated benefit provisions are detailed in the following paragraph. The plan does not issue a publicly available financial report.

Effective January 1, 2006, upon retirement from service, retiring officers will be provided with postemployment medical benefits (the OPEB plan). The Township will pay 25% of the cost of medical premiums, if the officer stays in the Township's plan. If the officer declines to stay in the Township's plan, the Township will be required to pay \$200 per month to use towards the purchase of medical coverage.

Police officers hired after January 1, 2017, are not eligible for any post-retirement medical coverage through the Township.

The plan is governed by the Board of Supervisors of the Township, which may amend provisions and which is responsible for management of plan assets.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

10. Other postemployment medical benefits (continued):

Plan membership:

As of December 31, 2023, participation in the plan is as follows:

Valuation date	January 1, 2023
Active plan members	8
Vested former participants	-
Retired participants	-
	-
Total	8

Funding policy:

Eligible employees are not required to contribute to the plan. For the year ended December 31, 2023, the Township made no contributions to the OPEB plan. OPEB obligations are typically liquidated by the General Fund. Covered payroll as of December 31, 2023 is \$834,128 and contributions as a percentage of covered payroll is 0%.

Net OPEB liability:

The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2023. Updated procedures were used to roll forward to the plan's year ended December 31, 2023. No 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, 2023 were as follows:

	<u>OPEB plan</u>
Total OPEB liability	\$ 160,024
Plan fiduciary net position	-
Net OPEB liability	160,024
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

10. Other postemployment medical benefits (continued):

Actuarial assumptions:

The total OPEB liability in the January 1, 2023 actual valuation was determined using the following economic assumptions, applied to all periods included in the measurement.

Salary increases	5.00%		
Discount rate	4.31%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2023.		
Health Care Cost Trend Rate	6.50% in 2023, and 5.5% in 2024 and 2025. Rates gradually decrease from 5.40% in 2026 to 3.90% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model		
Retiree contributions	Increase at the same rate as the Health Care Cost Trend Rate.		
Withdrawal rates	Ages	Rate	
	20	5.50%	
	25	5.00%	
	30	4.00%	
	35	2.50%	
	40	1.00%	
	45	0.50%	
	50	0.00%	
	55	0.00%	
	60	0.00%	
Per capita claims cost	Medical, Rx, Dental and Vision		
	Age	Males	Females
	50-54	\$ 16,803	\$ 20,708
	55-59	20,465	21,668
	60-64	267,066	24,892
Retirement	Age 53 with completion of 28 years		
Disability	No disability was assumed		
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors		

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

10. Other postemployment medical benefits (continued):

Actuarial assumptions:

Currently, the Township does not have an investment policy statement for the OPEB plan, since the Township does not maintain investments for the OPEB plan. Therefore, the Township's OPEB plan does not have a target allocation or a long-term expected real rate of return for investments.

Discount rate:

The discount rate used to measure the total OPEB liability was 4.31%. During the prior valuation, the discount rate assumed was 2.25%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2023.

Changes in net OPEB liability:

The changes in the net OPEB liability for the Township for the year ended December 31, 2023 were as follows:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balances at January 1, 2023	\$ 152,146		\$ 152,146
Changes for the year:			
Service cost	9,938		9,938
Interest	3,647		3,647
Differences between expected and actual experience	29,322		29,322
Changes in assumptions	(35,029)		(35,029)
Net changes	7,878		7,878
Balances at December 31, 2023	\$ 160,024		\$ 160,024
Plan fiduciary net position as a percentage of the total OPEB liability			0.00%

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

10. Other postemployment medical benefits (continued):

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 described above, as well as what the plan's net OPEB liability would be if they were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rates:

	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
	3.31%	4.31%	5.31%
Total net OPEB liability	<u>\$ 175,075</u>	<u>\$ 160,024</u>	<u>\$ 146,185</u>

Sensitivity of the net OPEB liability to changes in the Health Care Cost Trend Rate:

The following presents the net OPEB liability of the plan calculated using the Health Care Cost Trend Rate described above, as well as what the plan's net OPEB liability would be if they were calculated using a Health Care Cost Trend Rate that is 1.00% lower or 1.00% higher than the current rates:

	<u>1% Decrease</u>	<u>Current valuation rates</u>	<u>1% Increase</u>
Total net OPEB liability	<u>\$ 145,901</u>	<u>\$ 160,024</u>	<u>\$ 176,294</u>

OPEB expense:

The OPEB expense for the Township for the year ended December 31, 2023 was as follows:

Service cost	\$ 9,938
Interest on the total OPEB liability	3,647
Amortization of deferred:	
Outflows	5,931
Inflows	<u>(6,598)</u>
Total OPEB expense	<u>\$ 12,918</u>

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

10. Other postemployment medical benefits (continued):

Deferred outflows and inflows of resources:

At December 31, 2023, deferred outflows and inflows of resources related to the OPEB plan were from the following sources:

	Deferred outflows of resources	Deferred inflows of resources	Net total
Differences between expected and actual experience	\$ 14,331		\$ 14,331
Changes in assumptions		\$ 19,902	(19,902)
	\$ 14,331	\$ 19,902	\$ (5,571)

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

2024	\$ (667)
2025	(667)
2026	(667)
2027	(667)
2028	(667)
Thereafter	(2,236)
	\$ (5,571)

11. Deferred annuities and compensation plans:

The Township sponsors 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 value of the plan's assets as of December 31, 2023 is \$958,932.

The Township follows GASB standards in regards to its employee deferred compensation plan. GASB standards 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. In accordance with GASB standards, the plan is not reported as a fiduciary fund of the Township.

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

12. Compensated absences:

The Township allows police employees to accumulate unused sick leave up to a maximum of 210 days. Nonuniformed employees are allowed to accumulate sick leave up to a maximum of 180 days. Nonuniformed and police employees accumulate vested unused vacation time up to a maximum of 10 days and 25 days, respectively. Upon termination for police employees, the vested unused sick and vacation time is paid at stated contract percentages. Sick leave is paid out if the police employee is 50 years of age and has 25 years of service at the Township. Upon termination for nonuniformed employees only, vacation is paid out at stated maximums. At December 31, 2023, the liability for compensated absences is \$165,430.

13. Contingencies/commitments:

The Township has guaranteed the 2015A Guaranteed Sewer Revenue Note and the 2015B Guaranteed Water Revenue Note issued by the Authority with a current December 31, 2023 principal balance of \$1,078,896, as set forth in guaranty agreements between the Township, the Authority and Fulton Bank of Lancaster and ACNB Bank dated November 5, 2015.

The Township has been made aware of several possible legal actions. The Township's insurance carrier has been notified in all cases. As of December 31, 2023, the financial impact to the Township regarding these matters cannot be determined.

The Township has a Collective Bargaining Agreement with its uniformed employees. The agreement was signed effective January 1, 2017 and expired December 31, 2019. An agreement was signed effective January 1, 2020 and expires December 31, 2022. A new agreement was signed effective January 1, 2023 and expires December 31, 2025.

14. Interfund transfer and due to/from:

Due to and due from funds at year end were as follows:

	Due from	Due to
General Fund	\$ 967	
Capital reserve fund	70,000	
Special projects fund		\$ 70,441
Sewer fund (Authority)		85
Stormwater fund		441
	\$ 70,967	\$ 70,967

NORTH LEBANON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

14. Interfund transfer and due to/from (continued):

Transfers between funds during the year were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		\$ 312,782
Capital improvements fund	\$ 27,782	
Capital reserve fund	165,000	
Fire protection fund	120,000	
Sewer fund (Authority)	264,182	
Water fund (Authority)		264,182
	<u>\$ 576,964</u>	<u>\$ 576,964</u>

Transfers and due to/from amounts are indicative of funding for capital projects and reimbursement of expenses. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

15. Intergovernmental services:

On January 1, 2022, North Lebanon Township took responsibility for police services in West Lebanon Township. The Township of West Lebanon agreed to pay an annual payment to the Township for the police services. Yearly payments from West Lebanon Township to North Lebanon Township are as follows:

	<u>Amount</u>
2024	\$ 88,697
2025	91,802
2026	95,015
	<u>\$ 275,514</u>

16. 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 \$1,279,532 in funding from the American Rescue Plan. The Township will have until December 31, 2024 to spend these funds. Any funds not spent or committed by December 31, 2024 are to be turned back over to the federal treasury.

The Township received the first installment of \$637,750 during 2021. The Township received the second installment of \$641,782 during 2022. As of December 31, 2023, the unused portion of \$626,007 was recorded as unearned revenues.

NORTH LEBANON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

17. Subsequent events:

During January 2024, the Township was awarded a \$425,000 grant from the Commonwealth Financing Authority for sliplining of stormwater pipes. The Township has until September 30, 2026 to utilize the grant.

The Township has evaluated subsequent events through June 6, 2024, the date which the financial statements were available to be issued.

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED PERCENTAGES – POLICE PENSION PLAN YEAR ENDED DECEMBER 31, 2023 (See independent auditor's report)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 154,167	\$ 174,869	\$ 166,542	\$ 191,119	\$ 181,089	\$ 171,172	\$ 163,021	\$ 159,181	\$ 151,601	\$ 130,067
Interest cost	486,709	475,564	400,474	386,936	352,847	329,135	303,429	299,935	277,692	248,025
Changes of benefit terms				31,714					110,045	
Changes for experience	(530,481)		(190,932)		(185,476)		(405,789)		32,371	
Changes of assumptions					117,262		121,046			
Benefit payments, including refunds of member contributions	(172,228)	(147,431)	(241,389)	(122,684)	(119,636)	(132,064)	(131,627)	(131,627)	(148,989)	(143,962)
Net change in total pension liability	(61,833)	503,002	134,695	487,085	346,086	368,243	50,080	327,489	422,720	234,130
Total pension liability:										
Beginning of year	6,122,441	5,619,439	5,484,744	4,997,659	4,651,573	4,283,330	4,233,250	3,905,761	3,483,041	3,248,911
End of year (a)	\$ 6,060,608	\$ 6,122,441	\$ 5,619,439	\$ 5,484,744	\$ 4,997,659	\$ 4,651,573	\$ 4,283,330	\$ 4,233,250	\$ 3,905,761	\$ 3,483,041
Plan fiduciary net position:										
Contributions:										
Employer	\$ 108,241	\$ 160,289	\$ 232,989	\$ 200,336	\$ 195,980	\$ 185,722	\$ 171,553	\$ 175,530	\$ 149,882	\$ 131,710
Donations										50
Members	52,908	54,511	59,309	103,346	58,753	56,998	54,252	49,601	50,762	38,359
Net investment income (loss)	729,005	(888,130)	635,676	645,621	676,380	(255,499)	424,688	271,769	(45,684)	154,159
Benefit payments, including refunds of member contributions	(172,228)	(147,431)	(241,389)	(122,684)	(119,636)	(132,064)	(131,627)	(131,627)	(148,989)	(143,962)
Administrative expense	(2,444)	(3,100)	(9,400)	(3,900)	(5,800)	(3,000)	(5,000)	(2,700)	(5,000)	(5,200)
Net change in plan fiduciary net position	715,482	(823,861)	677,185	822,719	805,677	(147,843)	513,866	362,573	971	175,116
Total fiduciary net position:										
Beginning of year	5,373,683	6,197,544	5,520,359	4,697,640	3,891,963	4,039,806	3,525,940	3,163,367	3,162,396	2,987,280
End of year (b)	\$ 6,089,165	\$ 5,373,683	\$ 6,197,544	\$ 5,520,359	\$ 4,697,640	\$ 3,891,963	\$ 4,039,806	\$ 3,525,940	\$ 3,163,367	\$ 3,162,396
Net pension (asset) liability, end of year (a) - (b)	\$ (28,557)	\$ 748,758	\$ (578,105)	\$ (35,615)	\$ 300,019	\$ 759,610	\$ 243,524	\$ 707,310	\$ 742,394	\$ 320,645
Plan fiduciary net position as a percentage of total pension (asset) liability	100.47%	87.77%	110.29%	100.65%	94.00%	83.67%	94.31%	83.29%	80.99%	90.79%
Covered payroll	\$ 1,081,633	\$ 1,020,235	\$ 1,174,363	\$ 1,056,631	\$ 1,161,570	\$ 1,130,484	\$ 1,094,782	\$ 991,135	\$ 1,014,593	\$ 958,595
Net pension (asset) liability as a percentage of covered payroll	(2.64)%	73.39%	(49.23)%	(3.37)%	25.83%	67.19%	22.24%	71.36%	73.17%	33.45%

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED PERCENTAGES – NONUNIFORMED PENSION PLAN YEAR ENDED DECEMBER 31, 2023 (See independent auditor's report)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 66,190	\$ 89,637	\$ 85,777	\$ 86,548	\$ 82,821	\$ 87,656	\$ 83,881	\$ 82,419	\$ 78,870	\$ 84,350
Interest cost	349,767	348,033	325,548	302,962	279,660	254,503	232,549	221,152	201,271	190,178
Changes for experience	(218,884)		(15,043)		(133,507)		(261,023)		(101,157)	
Changes of assumptions					176,341		124,848			
Benefit payments, including refunds of member contributions	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)	(19,525)	(20,439)
Net change in total pension liability	(1,265)	291,563	311,612	329,089	354,709	303,296	164,157	285,873	159,459	254,089
Total pension liability:										
Beginning of year	4,915,421	4,623,858	4,312,246	3,983,157	3,628,448	3,325,152	3,160,995	2,875,122	2,715,663	2,461,574
End of year (a)	\$ 4,914,156	\$ 4,915,421	\$ 4,623,858	\$ 4,312,246	\$ 3,983,157	\$ 3,628,448	\$ 3,325,152	\$ 3,160,995	\$ 2,875,122	\$ 2,715,663
Plan fiduciary net position:										
Contributions, employer	\$ 82,339	\$ 112,613	\$ 193,540	\$ 135,466	\$ 131,307	\$ 123,682	\$ 128,622	\$ 132,808	\$ 163,751	\$ 150,604
Net investment income (loss)	583,942	(737,428)	527,869	533,154	572,629	(224,991)	365,888	231,096	(41,309)	116,972
Benefit payments, including refunds of member contributions	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)	(19,525)	(20,439)
Administrative expense	(4,100)	(4,100)	(6,500)	(3,000)	(6,000)	(5,600)	(6,000)	(3,300)	(5,000)	(2,300)
Net change in plan fiduciary net position	467,943	(775,022)	630,239	605,199	647,330	(145,772)	472,412	342,906	97,917	244,837
Total fiduciary net position:										
Beginning of year	4,338,029	5,113,051	4,482,812	3,877,613	3,230,283	3,376,055	2,903,643	2,560,737	2,462,820	2,217,983
End of year (b)	\$ 4,805,972	\$ 4,338,029	\$ 5,113,051	\$ 4,482,812	\$ 3,877,613	\$ 3,230,283	\$ 3,376,055	\$ 2,903,643	\$ 2,560,737	\$ 2,462,820
Net pension (asset) liability, end of year (a) - (b)	\$ 108,184	\$ 577,392	\$ (489,193)	\$ (170,566)	\$ 105,544	\$ 398,165	\$ (50,903)	\$ 257,352	\$ 314,385	\$ 252,843
Plan fiduciary net position as a percentage of total pension (asset) liability	97.80%	88.25%	110.58%	103.96%	97.35%	89.03%	101.53%	91.86%	89.07%	90.69%
Covered payroll	\$ 755,249	\$ 839,034	\$ 894,820	\$ 866,731	\$ 792,233	\$ 747,653	\$ 733,121	\$ 762,182	\$ 664,425	\$ 729,568
Net pension (asset) liability as a percentage of covered payroll	14.32%	68.82%	(54.67)%	(19.68)%	13.32%	53.26%	(6.94)%	33.77%	47.32%	34.66%

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF INVESTMENT RETURNS –
 LAST TEN CALENDAR YEARS
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual dollar-weighted rate of return:										
Police Pension Plan	13.90%	(14.17)%	12.17%	14.38%	18.20%	(6.58)%	13.10%	9.10%	(1.00)%	5.70%
Nonuniformed Pension Plan	13.69%	(14.35)%	12.21%	14.21%	18.20%	(6.59)%	13.11%	9.50%	(1.20)%	5.80%

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE PENSION PLAN
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor’s report)

Year	Police Pension Plan				
	Actuarially determined contribution	Contributions from the employer	Contribution deficiency (excess)	Covered payroll	Employer contributions as a percentage of covered payroll
2014	\$ 131,710	\$ 131,710	\$ -	\$ 958,595	13.74 %
2015	149,882	149,882	-	1,014,593	14.77
2016	175,530	175,530	-	991,135	17.71
2017	171,553	171,553	-	1,094,782	15.67
2018	185,722	185,722	-	1,130,484	16.43
2019	195,980	195,980	-	1,161,570	16.87
2020	200,336	200,336	-	1,056,631	18.96
2021	232,989	232,989	-	1,174,363	19.84
2022	137,633	160,289	(22,656)	1,020,235	15.71
2023	108,241	108,241	-	1,081,633	10.01

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – NONUNIFORMED PENSION PLAN
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor’s report)

Year	Nonuniformed Pension Plan				Employer contributions as a percentage of covered payroll
	Actuarially determined contribution	Contributions from the employer	Contribution deficiency (excess)	Covered payroll	
2014	\$ 150,604	\$ 150,604	\$ -	\$ 729,568	20.64 %
2015	163,751	163,751	-	664,425	24.65
2016	132,808	132,808	-	762,182	17.42
2017	128,622	128,622	-	733,121	17.54
2018	123,682	123,682	-	747,653	16.54
2019	131,307	131,307	-	792,233	16.57
2020	135,463	135,466	(3)	866,731	15.63
2021	193,538	193,540	(2)	894,820	21.63
2022	94,052	112,613	(18,561)	839,034	13.42
2023	82,339	82,339	-	755,249	10.90

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF ACTUARIAL ASSUMPTIONS – PENSION PLANS YEAR ENDED DECEMBER 31, 2023 (See independent auditor's report)

Notes to required supplementary information:

	<u>Nonuniformed Pension Plan</u>	<u>Police Pension Plan</u>
Actuarial valuation date	January 1, 2021	January 1, 2021
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	N/A years	N/A years
Asset valuation method	Market value as determined by the trustee	Market value as determined by the trustee
Actuarial assumptions:		
Inflation	3.00%	3.00%
Investment rate of return	7.50%	7.50%
Salary increases	4.50% increase each year until retirement	5.00% increase each year until retirement
Retirement age	Normal retirement age	All members enter the Deferred Retirement Option Program upon meeting the eligibility requirements for normal retirement
Mortality	PubG-2010 mortality table including rates for disabled retirees and contingent survivors*	PubS-2010 mortality table including rates for disabled retirees and contingent survivors*
Changes in benefit terms:	None since January 1, 2021	None since January 1, 2021

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.

* Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED PERCENTAGES – OTHER POSTEMPLOYMENT BENEFITS YEAR ENDED DECEMBER 31, 2023 (See independent auditor's report)

	2023	2022	2021	2020	2019	2018
Total pension liability:						
Service cost	\$ 9,938	\$ 10,036	\$ 9,020	\$ 7,976	\$ 7,822	\$ 6,824
Interest cost	3,647	2,964	4,782	4,638	3,552	3,568
Differences between expected and actual experience	29,322		(24,590)		9,466	
Changes of assumptions	(35,029)	(4,404)	16,682	5,603	(5,985)	4,841
Net change in total OPEB liability	7,878	8,596	5,894	18,217	14,855	15,233
Total OPEB liability:						
Beginning of year	152,146	143,550	137,656	119,439	104,584	89,351
End of year (a)	<u>\$ 160,024</u>	<u>\$ 152,146</u>	<u>\$ 143,550</u>	<u>\$ 137,656</u>	<u>\$ 119,439</u>	<u>\$ 104,584</u>
Plan fiduciary net position, net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total fiduciary net position:						
Beginning of year	-	-	-	-	-	-
End of year (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability, end of year (a) - (b)	<u>\$ 160,024</u>	<u>\$ 152,146</u>	<u>\$ 143,550</u>	<u>\$ 137,656</u>	<u>\$ 119,439</u>	<u>\$ 104,584</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 834,128	\$ 850,168	\$ 850,168	\$ 973,232	\$ 973,232	\$ 973,232
Net OPEB liability as a percentage of covered payroll	19.18%	17.90%	16.88%	14.14%	12.27%	10.75%

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

Notes to schedule:

Changes in assumptions: During 2023, the discount rate changed from 2.25% to 4.31% since the prior measurement. During 2022, the discount rate changed from 1.93% to 2.25% since the prior measurement. Also during 2022, the mortality scale was updated from MP-2020 to MP-2021. During 2021, the discount rate changed from 3.26% to 1.93% since the prior measurement. During 2020, the discount rate changed from 3.64% to 3.26% since the prior measurement. During 2019, the discount rate changed from 3.16% to 3.64% since the prior measurement. Also during 2019, the mortality assumption was changed from the IRS 2017 Static Combined Table for Small Plans to the PubS-2010 Mortality Table. During 2018, the discount rate changed from 3.71% to 3.16% since the prior valuation.

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor’s report)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution (excess) deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 834,128</u>	<u>\$ 850,168</u>	<u>\$ 850,168</u>	<u>\$ 973,232</u>	<u>\$ 973,232</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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.

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF ACTUARIAL ASSUMPTIONS – OTHER POSTEMPLOYMENT BENEFITS YEAR ENDED DECEMBER 31, 2023 (See independent auditor's report)

Notes to required supplementary information:

Valuation date	January 1, 2023
Participant data	Based on census information as of January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open period
Actuarial value of assets	Market value
Actuarial assumptions:	
Salary increases	5.00%
Discount rate	4.31%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2023.
Health Care Cost Trend Rate	6.50% in 2023, and 5.5% in 2024 and 2025. Rates gradually decrease from 5.40% in 2026 to 3.90% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retiree contributions	Increase at the same rate as the Health Care Cost Trend Rate.
Retirement	Age 53 with completion of 28 years
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET
 COMPARED TO ACTUAL – GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor’s report)

	General fund			Variance over (under)
	Original budget	Revised budget	Actual	
Revenues:				
Taxes	\$ 3,773,146	\$ 3,773,146	\$ 4,125,366	\$ 352,220
Licenses, permits and fines	262,054	262,054	310,305	48,251
Investment income and rent	97,756	97,756	233,267	135,511
Intergovernmental revenues	417,986	417,986	448,725	30,739
Department earnings	118,920	118,920	29,995	(88,925)
Private sector contributions	20,600	20,600	11,047	(9,553)
Public safety	9,150	9,150	23,770	14,620
Miscellaneous	100	100	105,111	105,011
Refuse benefit fee	165,000	165,000	165,709	709
Total revenues	4,864,712	4,864,712	5,453,295	588,583
Expenditures:				
General government	586,766	586,766	540,440	(46,326)
Public safety	2,724,923	2,724,923	2,609,234	(115,689)
Public works	89,250	89,250	91,352	2,102
Highways	886,608	886,608	821,069	(65,539)
Parks and recreation	267,357	267,357	189,659	(77,698)
Total expenditures	4,554,904	4,554,904	4,251,754	(303,150)
Excess of revenues over expenditures before other financing sources (uses)	309,808	309,808	1,201,541	891,733
Other financing sources (uses):				
Operating transfers out	(312,567)	(312,567)	(312,782)	(215)
Proceeds from sale of assets	3,000	3,000	26,197	23,197
Total other financing uses	(309,567)	(309,567)	(286,585)	22,982
Excess of revenues over expenditures and other financing uses	\$ 241	\$ 241	914,956	\$ 914,715
Fund balance:				
January 1			2,955,717	
December 31			\$ 3,870,673	

NORTH LEBANON TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET (UNAUDITED)

YEAR ENDED DECEMBER 31, 2023
(See independent auditor's report)

1. Budgetary data:

The budget is prepared by fund, function and activity and includes information on past years, current year estimates and requested appropriations for the next fiscal year. Adoption of the budget by the Board of Supervisors constitutes appropriations for the expenditures for the fiscal year. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

The budgetary comparison schedules, included in the required supplementary information, present a comparison of budgetary data to actual results of operations for the General Fund for which an annual operating budget is legally adopted. The funds utilize the same basis of accounting for both budgetary purposes and actual results. During 2023, the Board of Supervisors did not approve any additional budgetary expenditure amendments for these funds. During 2023, public works expenditures were over budget by \$2,102. Funds sufficient to provide for the excess expenditures were available from other functions within the fund.

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET
 COMPARED TO ACTUAL – LIQUID FUELS FUND
 YEAR ENDED DECEMBER 31, 2023
 (See independent auditor’s report)

	Liquid fuels fund			Variance over (under)
	Original budget	Revised budget	Actual	
Revenues:				
Investment income and rents	\$ 5,000	\$ 5,000	\$ 51,582	\$ 46,582
Intergovernmental revenues	413,002	413,002	423,272	10,270
Departmental earnings			2,693	2,693
Total revenues	418,002	418,002	477,547	59,545
Expenditures, highways	1,016,562	1,016,562	686,110	(330,452)
Excess of revenues over (under) expenditures	<u>\$ (598,560)</u>	<u>\$ (598,560)</u>	(208,563)	<u>\$ 389,997</u>
Fund balance:				
January 1			741,854	
December 31			<u>\$ 533,291</u>	

NORTH LEBANON TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET

DECEMBER 31, 2023

(See independent auditor's report)

	Capital reserve fund	Fire protection fund	Street light fund	Special projects fund	Parks and recreation fund	Total
ASSETS						
Cash and cash equivalents	\$ 199,906	\$ 7,631	\$ 52,283	\$ 13,313	\$ 405,482	\$ 678,615
Certificates of deposit	250,000		100,000	505,000		855,000
Taxes receivable			1,422			1,422
Accounts and interest receivable				139,777	25,000	164,777
Due from other funds	70,000					70,000
Total assets	\$ 519,906	\$ 7,631	\$ 153,705	\$ 658,090	\$ 430,482	\$ 1,769,814
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Accounts payable	\$ 18,290			\$ 19,315		\$ 37,605
Unearned revenue					\$ 1,000	1,000
Due to other funds				70,441		70,441
Total liabilities	18,290			89,756	1,000	109,046
Deferred inflows of resources, unavailable tax revenues			\$ 1,173			1,173
Fund balances	501,616	\$ 7,631	152,532	568,334	429,482	1,659,595
Total liabilities, deferred inflows of resources and fund balances	\$ 519,906	\$ 7,631	\$ 153,705	\$ 658,090	\$ 430,482	\$ 1,769,814

See notes to financial statements.

NORTH LEBANON TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023
(See independent auditor’s report)

	Capital reserve fund	Fire protection fund	Street light fund	Special projects fund	Parks and recreation fund	Total
Revenues:						
Taxes and assessments			\$ 61,845			\$ 61,845
Intergovernmental revenues				\$ 161,093	\$ 25,000	186,093
Investment income and rents	\$ 25,415	\$ 2,138	7,188	31,634	19,312	85,687
Departmental earnings				45,721	1,300	47,021
Total revenues	25,415	2,138	69,033	238,448	45,612	380,646
Expenditures:						
General government	16					16
Public safety	63,690	120,000				183,690
Public works				193,762		193,762
Highways	19,513		44,978			64,491
Parks and recreation					33,960	33,960
Total expenditures	83,219	120,000	44,978	193,762	33,960	475,919
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(57,804)	(117,862)	24,055	44,686	11,652	(95,273)
Other financing sources:						
Proceeds from sale of assets					92,850	92,850
Operating transfers in	165,000	120,000				285,000
Total other financing sources	165,000	120,000			92,850	377,850
Excess of revenues and other financing sources over expenditures	107,196	2,138	24,055	44,686	104,502	282,577
Fund balances:						
January 1, 2023	394,420	5,493	128,477	523,648	324,980	1,377,018
December 31, 2023	\$ 501,616	\$ 7,631	\$ 152,532	\$ 568,334	\$ 429,482	\$ 1,659,595

See notes to financial statements.