



**YEAR ENDED DECEMBER 31, 2024**



**Brown Plus**

ACCOUNTANTS + ADVISORS

# ***NORTH LEBANON TOWNSHIP***

YEAR ENDED DECEMBER 31, 2024

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YEAR ENDED DECEMBER 31, 2024

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## 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, 2024 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, 2024, 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.

#### *Emphasis of Matters*

As discussed in Note 16 to the financial statements, the Township adopted GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*. A prior period adjustment was also made to the General Fund and governmental activities to record taxes receivable and accounts receivable relating to the year ended December 31, 2023. A prior period adjustment was made to the sewer fund and business-type activities to record accounts receivable for unbilled receivables and accounts payable for sewer treatment charges relating to the year ended December 31, 2023. Our opinion is not modified with respect to these matters.

## **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 nonmajor 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.



Camp Hill, Pennsylvania  
July 7, 2025

## ***NORTH LEBANON TOWNSHIP***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024**

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, 2024. 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, 2024 is \$18,187,904. Of this amount, unrestricted net position of \$6,651,330 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, 2024 is \$21,172,140. Of this amount, unrestricted net position of \$11,490,304 may be used to meet ongoing expenses of the business activities.
- During the year, the Township's General Fund revenues were \$668,039 over the anticipated revenues of \$5,085,338.
- During the year, the Township's General Fund expenses were \$214,569 less than anticipated budgeted expenses of \$4,512,024.
- As of the close of the current fiscal year, North Lebanon Township's governmental funds reported combined ending fund balances of \$10,221,067 , an increase of \$2,061,346 over 2023.

#### **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, 2024**

#### **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, 2024

#### **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, 2024

#### **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. The 2023 information was updated for the prior period adjustments, but not the change in accounting principle for the implementation of GASB 101 adoption. See Note 16 for further analysis.

Table 1  
Net Position

	2024 Governmental activities	2024 Business-type activities	2024 Total primary government	2023 Total primary government (as restated)
Current assets	\$ 10,634,182	\$ 12,000,972	\$ 22,635,154	\$ 18,705,350
Noncurrent assets	<u>9,383,142</u>	<u>9,464,671</u>	<u>18,847,813</u>	<u>18,321,666</u>
Total assets	20,017,324	21,465,643	41,482,967	37,027,016
Deferred outflows of resources	<u>440,063</u>	<u>581,843</u>	<u>1,021,906</u>	<u>1,593,544</u>
Total assets and deferred outflows of resources	<u><u>\$ 20,457,387</u></u>	<u><u>\$ 22,047,486</u></u>	<u><u>\$ 42,504,873</u></u>	<u><u>\$ 38,620,560</u></u>
Current liabilities	\$ 365,201	\$ 635,658	\$ 1,000,859	\$ 1,966,302
Long-term liabilities	<u>865,007</u>	<u>239,688</u>	<u>1,104,695</u>	<u>999,355</u>
Total liabilities	<u>1,230,208</u>	<u>875,346</u>	<u>2,105,554</u>	<u>2,965,657</u>
Deferred inflows of resources	<u>1,039,275</u>	<u>-</u>	<u>1,039,275</u>	<u>1,275,097</u>
Net position:				
Net investment in capital assets	8,948,482	9,681,836	18,630,318	17,476,456
Restricted	2,588,092	-	2,588,092	1,705,475
Unrestricted	<u>6,651,330</u>	<u>11,490,304</u>	<u>18,141,634</u>	<u>15,197,875</u>
Total net position	<u>18,187,904</u>	<u>21,172,140</u>	<u>39,360,044</u>	<u>34,379,806</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 20,457,387</u></u>	<u><u>\$ 22,047,486</u></u>	<u><u>\$ 42,504,873</u></u>	<u><u>\$ 38,620,560</u></u>

## **NORTH LEBANON TOWNSHIP**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024

#### **THE TOWNSHIP AS A WHOLE (CONTINUED)**

The net position of the governmental activities is \$18,187,904. 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 \$6,651,330.

The net position of the business-type activities is \$21,172,140. 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 \$11,490,304.

Table 2  
Changes in Net Position

	2024	2024	2024	2023
	Governmental	Business-type	Total	Total
	activities	activities	primary	primary
			government	government
				(as restated)
Revenues:				
Program revenues:				
Charges for services	\$ 946,509	\$ 5,992,700	\$ 6,939,209	\$ 5,788,680
Operating grants and contributions	764,587	32,051	796,638	854,343
Capital grants and contributions	538,294	425,000	963,294	765,376
General revenues:				
Taxes and assessments:				
Real estate	1,940,955	-	1,940,955	1,907,332
Real estate transfer	326,272	-	326,272	423,462
Earned income	1,804,526	-	1,804,526	2,001,115
Local services	212,166	-	212,166	299,332
Public utility tax	3,907	-	3,907	3,619
Cable TV franchise tax	176,246	-	176,246	244,244
Investment earnings	585,145	548,149	1,133,294	853,769
Rentals	73,348	-	73,348	70,454
Gain on disposal of assets	15,326	340	15,666	(195,480)
Special items, transfer of police capital assets	(290,382)	-	(290,382)	-
Miscellaneous	203,846	75,847	279,693	172,915
Total revenues	<u>7,300,745</u>	<u>7,074,087</u>	<u>14,374,832</u>	<u>13,189,161</u>

# **NORTH LEBANON TOWNSHIP**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024

### THE TOWNSHIP AS A WHOLE (CONTINUED)

Table 2  
Changes in Net Position (continued)

	2024	2024	2024	2023
	Governmental	Business-type	Total	Total
	activities	activities	primary	primary
			government	government
				(as restated)
Expenses:				
General government	\$ 736,349	\$ -	\$ 736,349	\$ 627,288
Public safety	2,853,026	-	2,853,026	2,764,376
Public works	166,594	84,301	250,895	364,150
Highways	1,237,375	-	1,237,375	1,142,196
Culture, recreation	232,765	-	232,765	287,571
Municipal Authority	-	3,457,919	3,457,919	3,207,018
Total expenses	<u>5,226,109</u>	<u>3,542,220</u>	<u>8,768,329</u>	<u>8,392,599</u>
Changes in net position	2,074,636	3,531,867	5,606,503	4,796,562
Net position:				
Beginning, as restated	<u>16,113,268</u>	<u>17,640,273</u>	<u>33,753,541</u>	<u>29,583,244</u>
Ending	<u>\$ 18,187,904</u>	<u>\$ 21,172,140</u>	<u>\$ 39,360,044</u>	<u>\$ 34,379,806</u>

The total cost of the Township's governmental programs is \$5,226,109.

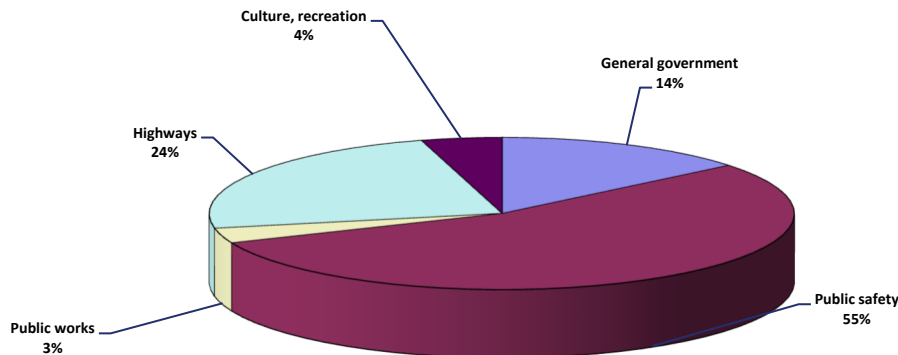
## ***NORTH LEBANON TOWNSHIP***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024**

#### **THE TOWNSHIP AS A WHOLE (CONTINUED)**

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

**2024 EXPENSES BY DEPARTMENT**



#### **THE TOWNSHIP'S FUNDS**

The Township's General Fund reported an increase in the fund balance of \$1,153,574 in 2024, providing for a balance going into the new year of \$5,525,807. 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 \$35,459; \$618,064 and \$497,033 from this fund in 2022; 2023 and 2024, respectively. As of December 31, 2024, the unused portion of \$128,976 was recorded as unearned revenue. The remaining balance was committed by the deadline date of December 31, 2024.

The Liquid Fuels Fund saw an increase in the fund balance of \$377,751 for a balance of \$911,042. The increase in the Liquid Fuels Fund's fund balance was due to the paving project being partially paid with ARPA Funds.

#### **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, 2024.

#### **Revenues**

The Township's General Fund revenues were \$668,039 over the projected budgetary amount of \$5,085,338.

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

## ***NORTH LEBANON TOWNSHIP***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024**

#### **GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)**

##### **Expenses and transfers**

The Township's General Fund expenditures were \$214,569 under the projected budgetary amount of \$4,512,024 (does not include interfund transfer). Actual expenditures were lower than budgeted primarily as a result of less projects occurring for Public Safety and Highways than was budgeted.

- 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, 2024, the Township had \$47,607,210 invested in a variety of capital assets, as reflected in the following schedule of cost before depreciation.

Business-type activities	\$ 23,209,601
Land	1,174,182
Construction in progress	262,810
Buildings and improvements	4,441,153
Automotive equipment	1,013,610
Machinery and equipment	1,876,939
Bridges	1,029,736
Roads	14,599,179
Total	<u><u>\$ 47,607,210</u></u>

See Notes 1, 5 and 6 for additional information.

##### **DEBT ADMINISTRATION**

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##### **Outstanding debt, at year end**

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Guaranteed Water Revenue Note of 2015B	\$ 252,122
PENNVEST loan	205,921

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, 2024**

#### **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.

The Series A Note was paid off during the year ended December 31, 2024.

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

#### **LEBANON COUNTY REGIONAL POLICE COMMISSION**

In 2024, North Lebanon Township and North Cornwall Township entered into a charter agreement to form the Lebanon County Regional Police Commission (the Commission). The Commission becomes operational on January 1, 2025. Each municipality agreed to contribute assets of their individual police forces. Each municipality also agreed to contractual terms to an ongoing financial responsibility to fund the operations based on police protection units established in the charter agreement. Each municipality also appoints two of the current governmental officials to the governing board of the regional police force. The Lebanon County Regional Police Commission is a separate legal entity. North Lebanon Township and North Cornwall Township agree not to withdraw from participation in the Commission or dissolve the Commission before December 31, 2029. During the year ended December 31, 2024, the Township transferred \$915,047 of assets to the Lebanon County Regional Police Commission. The North Lebanon Township Police Pension plan and OPEB Plan will merge with North Cornwall Township Police OPEB Plan effective January 1, 2025 to form a regional department/plan for the Lebanon County Regional Police Commission (the Commission). The majority of the Police Pension Plan's assets were transferred to the Commission in December 2024. The Police Pension Plan's fiduciary net position and OPEB liability will be transferred to the Commission on January 1, 2025.

#### **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 2024, 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.

## ***NORTH LEBANON TOWNSHIP***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024**

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

The 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 nine full-time maintenance employees (including Public Works Director) and one part-time seasonal (park and recreation) employee. The Department maintains 65.03 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.

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 remained 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 and one part-time employee. The Township Manager, Administrative Assistant, Accounting Clerk, Sewer Billing Clerk and Receptionist are all full-time. There is one part-time Office Clerk.

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 continues 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 the Long Lane property, there are 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.



## ***NORTH LEBANON TOWNSHIP***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2024**

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

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, approximately one mile macadam walking path 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).

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 2024, all single-family residential (SFR) parcels received 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, 2023, the Police Pension Plan is 101.8% funded and the Non-Uniformed Employee Pension Plan is 100.7% 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 Lori Books - Township Manager, 725 Kimmerlings Road, Lebanon, PA 17046.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF NET POSITION – DECEMBER 31, 2024

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary government		
	Governmental activities	Business-type activities	Total
<b>Current assets:</b>			
Cash, cash equivalents and equity in pooled cash and investments	\$ 9,456,346	\$ 10,638,292	\$ 20,094,638
Cash, escrow	118,487	104,842	223,329
Certificate of deposit, escrow	-	13,312	13,312
Taxes receivable	504,683	-	504,683
Accounts and interest receivable	232,526	1,265,307	1,497,833
Current portion of lease receivable	12,788	-	12,788
Inventory	19,703	-	19,703
Internal balances	20,781	(20,781)	-
Prepaid expenses	268,868	-	268,868
<b>Total current assets</b>	<b>10,634,182</b>	<b>12,000,972</b>	<b>22,635,154</b>
<b>Noncurrent assets:</b>			
Net pension asset	145,885	-	145,885
Capital assets, net	8,948,482	9,464,671	18,413,153
Lease receivable, net of current portion	288,775	-	288,775
<b>Total noncurrent assets</b>	<b>9,383,142</b>	<b>9,464,671</b>	<b>18,847,813</b>
<b>Total assets</b>	<b>20,017,324</b>	<b>21,465,643</b>	<b>41,482,967</b>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	-	581,843	581,843
Related to:			
Pensions	427,157	-	427,157
Other postemployment benefits (other than pensions)	12,906	-	12,906
<b>Total deferred outflows of resources</b>	<b>440,063</b>	<b>581,843</b>	<b>1,021,906</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 20,457,387</b>	<b>\$ 22,047,486</b>	<b>\$ 42,504,873</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF NET POSITION – DECEMBER 31, 2024

### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary government		
	Governmental activities	Business-type activities	Total
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 116,738	\$ 392,514	\$ 509,252
Escrow payable	118,487	118,154	236,641
Unearned revenue	129,976	-	129,976
Current portion of PENNVEST loan and Water Revenue Note	-	124,990	124,990
<b>Total current liabilities</b>	<b>365,201</b>	<b>635,658</b>	<b>1,000,859</b>
<b>Long-term liabilities:</b>			
Other postemployment benefits liability (other than pensions)	182,921	-	182,921
Compensated absences	682,086	-	682,086
PENNVEST loan, net of current portion	-	176,685	176,685
Water Revenue Note, net of current portion	-	156,368	156,368
Note discounts, net of amortization	-	(93,365)	(93,365)
<b>Total long-term liabilities</b>	<b>865,007</b>	<b>239,688</b>	<b>1,104,695</b>
<b>Total liabilities</b>	<b>1,230,208</b>	<b>875,346</b>	<b>2,105,554</b>
<b>Deferred inflows of resources:</b>			
Related to:			
Leases	279,889	-	279,889
Pensions	748,323	-	748,323
Other postemployment benefits (other than pensions)	11,063	-	11,063
<b>Total deferred inflows of resources</b>	<b>1,039,275</b>	<b>-</b>	<b>1,039,275</b>
<b>Net position:</b>			
Net investment in capital assets	8,948,482	9,681,836	18,630,318
Restricted for:			
Liquid fuels	911,042	-	911,042
Parks and recreation	859,870	-	859,870
Street light	174,891	-	174,891
Special projects	619,344	-	619,344
Traffic signal, Route 422	22,945	-	22,945
Unrestricted	6,651,330	11,490,304	18,141,634
<b>Total net position</b>	<b>18,187,904</b>	<b>21,172,140</b>	<b>39,360,044</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 20,457,387</b>	<b>\$ 22,047,486</b>	<b>\$ 42,504,873</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

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		Total
					Governmental activities	Business-type activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 736,349	\$ 200	\$ 36,176	\$ 134,800	\$ (565,173)	\$ -	\$ (565,173)
Public safety	2,853,026	242,865	195,213	49,907	(2,365,041)	-	(2,365,041)
Public works	166,594	209,237	73,930	24,257	140,830	-	140,830
Highways	1,237,375	94,302	459,268	314,337	(369,468)	-	(369,468)
Culture, recreation	232,765	399,905	-	14,993	182,133	-	182,133
<b>Total governmental activities</b>	<b>5,226,109</b>	<b>946,509</b>	<b>764,587</b>	<b>538,294</b>	<b>(2,976,719)</b>	<b>-</b>	<b>(2,976,719)</b>
Business-type activities:							
North Lebanon Township							
Municipal Authority	3,457,919	5,526,370	32,051	-	-	2,100,502	2,100,502
Stormwater fund	84,301	466,330	-	425,000	-	807,029	807,029
<b>Total business-type activities</b>	<b>3,542,220</b>	<b>5,992,700</b>	<b>32,051</b>	<b>425,000</b>	<b>-</b>	<b>2,907,531</b>	<b>2,907,531</b>
<b>Total primary government</b>	<b>\$ 8,768,329</b>	<b>\$ 6,939,209</b>	<b>\$ 796,638</b>	<b>\$ 963,294</b>	<b>(2,976,719)</b>	<b>2,907,531</b>	<b>(69,188)</b>

(continued)

# NORTH LEBANON TOWNSHIP

## STATEMENT OF ACTIVITIES (CONTINUED) YEAR ENDED DECEMBER 31, 2024

Functions/programs	Net (expenses) revenue and changes in net position		
	Primary government		
	Governmental activities	Business-type activities	Total
Net revenue (expenses) for total primary government	\$ (2,976,719)	\$ 2,907,531	\$ (69,188)
<b>General revenues:</b>			
Taxes and assessments:			
Real estate	1,940,955	-	1,940,955
Real estate transfer	326,272	-	326,272
Earned income	1,804,526	-	1,804,526
Local services	212,166	-	212,166
Public utility tax	3,907	-	3,907
Cable TV franchise tax	176,246	-	176,246
Investment earnings	585,145	548,149	1,133,294
Rentals	73,348	-	73,348
Gain on disposal of assets	15,326	340	15,666
Special items, transfer of police capital assets	(290,382)		(290,382)
Miscellaneous	203,846	75,847	279,693
<b>Total general revenues</b>	<b>5,051,355</b>	<b>624,336</b>	<b>5,675,691</b>
<b>Changes in net position</b>	<b>2,074,636</b>	<b>3,531,867</b>	<b>5,606,503</b>
<b>Net position:</b>			
Beginning, as restated	16,113,268	17,640,273	33,753,541
<b>Ending</b>	<b>\$ 18,187,904</b>	<b>\$ 21,172,140</b>	<b>\$ 39,360,044</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## BALANCE SHEET – GOVERNMENTAL FUNDS DECEMBER 31, 2024

	General fund	Capital improvements fund	ARPA fund	Nonmajor other governmental funds	Total
ASSETS					
<b>Assets:</b>					
Cash, cash equivalents and equity in pooled cash and investments	\$ 4,709,117	\$ 1,388,908	\$ 230,733	\$ 3,127,588	\$ 9,456,346
Cash, escrow	118,487	-	-	-	118,487
Receivables:					
Taxes	502,908	-	-	1,775	504,683
Leases	301,563	-	-	-	301,563
Other	154,591	4,005	-	73,930	232,526
Prepaid expenses	268,868	-	-	-	268,868
Due from other funds	21,384	-	-	-	21,384
<b>Total assets</b>	<b>\$ 6,076,918</b>	<b>\$ 1,392,913</b>	<b>\$ 230,733</b>	<b>\$ 3,203,293</b>	<b>\$ 10,903,857</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 116,738	\$ -	\$ -	\$ -	\$ 116,738
Escrow payable	118,487	-	-	-	118,487
Unearned revenue	-	-	128,976	1,000	129,976
Due to other funds	-	-	-	603	603
<b>Total liabilities</b>	<b>235,225</b>	<b>-</b>	<b>128,976</b>	<b>1,603</b>	<b>365,804</b>
<b>Deferred inflows of resources:</b>					
Unavailable tax revenues	35,997	-	-	1,100	37,097
Leases	279,889	-	-	-	279,889
<b>Total deferred inflows of resources</b>	<b>315,886</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>316,986</b>
<b>Fund balances:</b>					
Nonspendable	268,868	-	-	-	268,868
Restricted:					
ARPA	-	-	101,757	-	101,757
Liquid fuels fund	-	-	-	911,042	911,042
Parks and recreation fund	-	-	-	859,870	859,870
Street light fund	-	-	-	174,891	174,891
Special projects fund	-	-	-	619,344	619,344
Traffic signal, Route 422	22,945	-	-	-	22,945
Committed for fire protection	-	-	-	9,686	9,686
Assigned:					
Capital improvement fund	-	1,392,913	-	-	1,392,913
Capital reserve fund	-	-	-	625,757	625,757
Unassigned	5,233,994	-	-	-	5,233,994
<b>Total fund balances</b>	<b>5,525,807</b>	<b>1,392,913</b>	<b>101,757</b>	<b>3,200,590</b>	<b>10,221,067</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,076,918</b>	<b>\$ 1,392,913</b>	<b>\$ 230,733</b>	<b>\$ 3,203,293</b>	<b>\$ 10,903,857</b>

See notes to financial statements.

## ***NORTH LEBANON TOWNSHIP***

### **RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2024**

<b>Total governmental fund balances</b>	<b>\$ 10,221,067</b>
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Amounts reported for governmental activities in the statement of  
net position are different because:

Capital assets (net of accumulated depreciation) and inventory used in governmental  
activities are not financial resources and, therefore, are not reported in the funds:

Capital assets, net	8,948,482
Net pension asset	145,885
Inventory	19,703

Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds, taxes revenues, including outstanding delinquent taxes	37,097
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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	427,157
Other postemployment benefits (other than pensions)	12,906

Deferred inflows of resources related to:

Pensions	(748,323)
Other postemployment benefits (other than pensions)	(11,063)

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the funds:

Compensated absences	(682,086)
Net other postemployment benefits (other than pensions)	<u>(182,921)</u>

<b>Net position of governmental activities</b>	<b><u><u>\$ 18,187,904</u></u></b>
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# NORTH LEBANON TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2024

	General fund	Capital improvements fund	ARPA fund	Nonmajor other governmental funds	Total
<b>Revenues:</b>					
Taxes and assessments	\$ 4,218,919	\$ -	\$ -	\$ 62,793	\$ 4,281,712
Licenses, permits and fines	271,694	-	-	-	271,694
Intergovernmental revenues	360,166	4,005	497,032	534,278	1,395,481
Investment income and rents	381,691	90,080	31,015	170,914	673,700
Departmental earnings	110,286	-	-	51,507	161,793
Private sector contributions	20,500	-	-	393,800	414,300
Public safety	22,930	-	-	-	22,930
Miscellaneous	203,846	-	-	-	203,846
Refuse benefit fee	163,345	-	-	-	163,345
<b>Total revenues</b>	<b>5,753,377</b>	<b>94,085</b>	<b>528,047</b>	<b>1,213,292</b>	<b>7,588,801</b>
<b>Expenditures:</b>					
General government	628,822	228,724	131,603	220	989,369
Public safety	2,638,869	-	49,908	193,197	2,881,974
Public works	91,471	-	-	133,243	224,714
Highways	765,872	22,988	315,522	152,816	1,257,198
Parks and recreation	172,421	1,993	-	15,112	189,526
<b>Total expenditures</b>	<b>4,297,455</b>	<b>253,705</b>	<b>497,033</b>	<b>494,588</b>	<b>5,542,781</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,455,922	(159,620)	31,014	718,704	2,046,020
<b>Other financing sources (uses):</b>					
Operating transfers:					
In	-	28,305	-	285,000	313,305
Out	(313,305)	-	-	-	(313,305)
Proceeds from sale of assets	10,957	369	-	4,000	15,326
<b>Other financing sources (uses)</b>	<b>(302,348)</b>	<b>28,674</b>	<b>-</b>	<b>289,000</b>	<b>15,326</b>
<b>Net changes in fund balances</b>	<b>1,153,574</b>	<b>(130,946)</b>	<b>31,014</b>	<b>1,007,704</b>	<b>2,061,346</b>
<b>Fund balances:</b>					
January 1, 2024, as restated	4,372,233	1,523,859	70,743	2,192,886	8,159,721
<b>December 31, 2024</b>	<b>\$ 5,525,807</b>	<b>\$ 1,392,913</b>	<b>\$ 101,757</b>	<b>\$ 3,200,590</b>	<b>\$ 10,221,067</b>

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, 2024**

**Net changes in fund balances, total government funds** **\$ 2,061,346**

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 and transfers	535,621
Depreciation expense	(560,324)

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. (21,904)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

2,207

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	117,328
Net pension liability	108,184
Net other postemployment benefits liability	(22,897)

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	(455,270)
Deferred inflows related to pensions	208,529
Deferred outflows related to net other postemployment benefits	(1,425)
Deferred inflows related to net other postemployment benefits	8,839

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:

Change in compensated absences	109,609
Change in capital lease	(15,207)

**Changes in net position of governmental activities** **\$ 2,074,636**

# NORTH LEBANON TOWNSHIP

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2024

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Sewer fund	Stormwater fund	Nonmajor, water fund	Total
<b>Current assets:</b>				
Cash, cash equivalents and equity in pooled cash and investments	\$ 10,400,415	\$ 120,209	\$ 117,668	\$ 10,638,292
Cash, escrow	104,842	-	-	104,842
Certificate of deposit, escrow	13,312	-	-	13,312
Accounts and interest receivable	803,371	461,936	-	1,265,307
<b>Total current assets</b>	<b>11,321,940</b>	<b>582,145</b>	<b>117,668</b>	<b>12,021,753</b>
Property, plant and equipment	18,785,908	1,574,749	2,848,944	23,209,601
Less accumulated depreciation	12,316,006	40,063	1,388,861	13,744,930
<b>Total property, plant and equipment, net</b>	<b>6,469,902</b>	<b>1,534,686</b>	<b>1,460,083</b>	<b>9,464,671</b>
<b>Total assets</b>	<b>17,791,842</b>	<b>2,116,831</b>	<b>1,577,751</b>	<b>21,486,424</b>
Deferred outflows of resources, deferred charge on refunding	581,843	-	-	581,843
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,373,685</b>	<b>\$ 2,116,831</b>	<b>\$ 1,577,751</b>	<b>\$ 22,068,267</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2024

### LIABILITIES AND NET POSITION

	Sewer fund	Stormwater fund	Nonmajor, water fund	Total
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	\$ 392,514	\$ -	\$ -	\$ 392,514
Due to other funds	20,326	455	-	20,781
Escrow payable	118,154	-	-	118,154
Current maturities of revenue note and loan	124,990	-	-	124,990
<b>Total current liabilities</b>	<b>655,984</b>	<b>455</b>	<b>-</b>	<b>656,439</b>
<b>Long-term liabilities:</b>				
Guaranteed Water Revenue Note of 2015B, net of current portion	156,368	-	-	156,368
PENNVEST loan, net of current portion	176,685	-	-	176,685
Note discounts, net of accumulated amortization	(93,365)	-	-	(93,365)
<b>Total long-term liabilities</b>	<b>239,688</b>	<b>-</b>	<b>-</b>	<b>239,688</b>
<b>Total liabilities</b>	<b>895,672</b>	<b>455</b>	<b>-</b>	<b>896,127</b>
<b>Net position:</b>				
Net investment in capital assets	6,687,067	1,534,686	1,460,083	9,681,836
Unrestricted	10,790,946	581,690	117,668	11,490,304
<b>Total net position</b>	<b>17,478,013</b>	<b>2,116,376</b>	<b>1,577,751</b>	<b>21,172,140</b>
<b>Total liabilities and net position</b>	<b>\$ 18,373,685</b>	<b>\$ 2,116,831</b>	<b>\$ 1,577,751</b>	<b>\$ 22,068,267</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2024

	Sewer fund	Stormwater fund	Nonmajor, water fund	Total
<b>Operating revenues:</b>				
Rentals and service charges	\$ 3,396,083	\$ 466,330	\$ 194,922	\$ 4,057,335
Ready to serve charges	1,806,665	-	128,700	1,935,365
Miscellaneous fees	75,847	-	-	75,847
<b>Total operating revenues</b>	<b>5,278,595</b>	<b>466,330</b>	<b>323,622</b>	<b>6,068,547</b>
<b>Operating expenses:</b>				
Sewage disposal and treatment	2,201,958	-	-	2,201,958
Administrative	563,364	29,825	2,812	596,001
Legal and engineering fees	-	38,204	-	38,204
Other operating expenses	865	132	-	997
<b>Total operating expenses</b>	<b>2,766,187</b>	<b>68,161</b>	<b>2,812</b>	<b>2,837,160</b>
Net operating income before depreciation and amortization	2,512,408	398,169	320,810	3,231,387
Less:				
Depreciation	479,948	16,140	71,224	567,312
Amortization	123,905	-	-	123,905
<b>Net operating income</b>	<b>1,908,555</b>	<b>382,029</b>	<b>249,586</b>	<b>2,540,170</b>
<b>Nonoperating income (expenses):</b>				
Grant revenues	32,051	425,000	-	457,051
Proceeds from sale of capital assets	-	340	-	340
Interest:				
Earnings	512,190	34,038	1,921	548,149
Expense	(13,843)	-	-	(13,843)
<b>Total nonoperating income (expenses)</b>	<b>530,398</b>	<b>459,378</b>	<b>1,921</b>	<b>991,697</b>
<b>Net income</b>	<b>2,438,953</b>	<b>841,407</b>	<b>251,507</b>	<b>3,531,867</b>
Other financing sources (uses), transfers in (out)	311,228	-	(311,228)	-
<b>Change in net position</b>	<b>2,750,181</b>	<b>841,407</b>	<b>(59,721)</b>	<b>3,531,867</b>
<b>Net position:</b>				
January 1, 2024, as restated	14,727,832	1,274,969	1,637,472	17,640,273
<b>December 31, 2024</b>	<b>\$ 17,478,013</b>	<b>\$ 2,116,376</b>	<b>\$ 1,577,751</b>	<b>\$ 21,172,140</b>

See notes to financial statements.

# NORTH LEBANON TOWNSHIP

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2024

	Sewer fund	Stormwater fund	Nonmajor, water fund	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 5,268,067	\$ 450,008	\$ 323,622	\$ 6,041,697
Cash payments to:				
Suppliers for goods and services	(2,345,785)	(68,618)	(2,812)	(2,417,215)
Employees for salaries and benefits	(363,246)	-	-	(363,246)
Other operating:				
Revenues	75,847	-	-	75,847
Expenses	(865)	(132)	-	(997)
<b>Net cash provided by operating activities</b>	<b><u>2,634,018</u></b>	<b><u>381,258</u></b>	<b><u>320,810</u></b>	<b><u>3,336,086</u></b>
<b>Cash flows from noncapital financing activities:</b>				
Grant revenues	32,051	-	-	32,051
Transfers from (to) other funds, net	311,228	14	(311,228)	14
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>343,279</u></b>	<b><u>14</u></b>	<b><u>(311,228)</u></b>	<b><u>32,065</u></b>
<b>Cash flows from capital and related financing activities:</b>				
Capital expenditures	-	(1,013,621)	-	(1,013,621)
Proceeds from sale of capital assets	-	340	-	340
Paid on notes and loan:				
Principal	(855,720)	-	-	(855,720)
Interest	(13,843)	-	-	(13,843)
<b>Net cash used in capital and related financing activities</b>	<b><u>(869,563)</u></b>	<b><u>(1,013,281)</u></b>	<b><u>-</u></b>	<b><u>(1,882,844)</u></b>
<b>Cash flows from investing activities:</b>				
Purchase of certificates of deposit	(12,882)	-	-	(12,882)
Redemption of certificates of deposit	3,012,882	-	-	3,012,882
Interest earnings	512,190	34,038	1,921	548,149
<b>Net cash provided by investing activities</b>	<b><u>3,512,190</u></b>	<b><u>34,038</u></b>	<b><u>1,921</u></b>	<b><u>3,548,149</u></b>

# NORTH LEBANON TOWNSHIP

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED) YEAR ENDED DECEMBER 31, 2024

	Sewer fund	Stormwater fund	Nonmajor, water fund	Total
<b>Net increase (decrease) in cash, cash equivalents and equity in pooled cash and investments</b>	<b>\$ 5,619,924</b>	<b>\$ (597,971)</b>	<b>\$ 11,503</b>	<b>\$ 5,033,456</b>
<b>Cash, cash equivalents and equity in pooled cash and investments:</b>				
Beginning of year	4,780,491	718,180	106,165	5,604,836
<b>End of year</b>	<b><u>\$ 10,400,415</u></b>	<b><u>\$ 120,209</u></b>	<b><u>\$ 117,668</u></b>	<b><u>\$ 10,638,292</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Net operating income	<b><u>\$ 1,908,555</u></b>	<b><u>\$ 382,029</u></b>	<b><u>\$ 249,586</u></b>	<b><u>\$ 2,540,170</u></b>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	479,948	16,140	71,224	567,312
Amortization	123,905	-	-	123,905
(Increase) in accounts and interest receivable	65,319	(16,322)	-	48,997
Increase (decrease) in liabilities, accounts payable and accrued expenses	56,291	(589)	-	55,702
Total adjustments	725,463	(771)	71,224	795,916
<b>Net cash provided by operating activities</b>	<b><u>\$ 2,634,018</u></b>	<b><u>\$ 381,258</u></b>	<b><u>\$ 320,810</u></b>	<b><u>\$ 3,336,086</u></b>

See notes to financial statements.

***NORTH LEBANON TOWNSHIP***

STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2024

	Police Pension fund	Nonuniformed Pension fund	Total
Assets, investments	<u>\$ 91,634</u>	<u>\$ 5,067,761</u>	<u>\$ 5,159,395</u>
Net position restricted for pensions	<u>\$ 91,634</u>	<u>\$ 5,067,761</u>	<u>\$ 5,159,395</u>

See notes to financial statements.

# ***NORTH LEBANON TOWNSHIP***

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED DECEMBER 31, 2024

	Police Pension fund	Nonuniformed Pension fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Additions:</b>			
Contributions:			
State aid and Township	\$ 113,248	\$ 94,373	\$ 207,621
Employees	<u>53,595</u>	<u>-</u>	<u>53,595</u>
<b>Total contributions</b>	<b>166,843</b>	<b>94,373</b>	<b>261,216</b>
Net investment income	<u>809,426</u>	<u>490,565</u>	<u>1,299,991</u>
<b>Total additions</b>	<b><u>976,269</u></b>	<b><u>584,938</u></b>	<b><u>1,561,207</u></b>
<b>Deductions:</b>			
Benefit payments	325,004	311,049	636,053
Administrative expenses	32,035	12,100	44,135
Other financing uses, transfer to police commission*	<u>6,616,761</u>	<u>-</u>	<u>6,616,761</u>
<b>Total deductions</b>	<b><u>6,973,800</u></b>	<b><u>323,149</u></b>	<b><u>7,296,949</u></b>
<b>Net increase (decrease)</b>	<b>(5,997,531)</b>	<b>261,789</b>	<b>(5,735,742)</b>
<b>Net position restricted for pensions:</b>			
Beginning of year	<u>6,089,165</u>	<u>4,805,972</u>	<u>10,895,137</u>
<b>End of year</b>	<b><u>\$ 91,634</u></b>	<b><u>\$ 5,067,761</u></b>	<b><u>\$ 5,159,395</u></b>

\*The North Lebanon Township Police Pension Plan will merge with North Cornwall Township Police Pension Plan effective January 1, 2025 to form a regional department/plan for the Lebanon County Regional Police Commission (the Commission). The majority of the Police Pension Plan's assets were transferred to the Commission in December 2024. See note 8 and 12 for further explanation.



## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **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, 2024**

#### **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, 2024**

#### **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, 2024.

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **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 15). The funds have been assigned by the Township's management for ongoing and future provisions of governmental services related to various capital projects.

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:**

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, 2024**

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

##### *Fund balance classifications:*

##### Nonmajor funds:

##### **Special revenue funds:**

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.

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:**

##### *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, 2024**

#### **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, 2024, 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, 2024**

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

##### *Cash, cash equivalents, equity in pooled cash and investments and certificates of deposits:*

The Township and Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and an 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. The securities of 2a7-like investment pools are valued at amortized cost, which approximates fair value of the pool. 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. No allowance for uncollectible amounts has been recorded for accounts and grants receivable as the Township believes all amounts will be collected. For proprietary fund accounts receivable, the Township may place a lien on a property associated with unpaid amounts; therefore, an allowance for uncollectible amounts is not considered necessary.

##### *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.

On the governmental fund level financial statements the Township follows the purchasing method and reports the inventory as an expenditure when purchased.

##### *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, 2024**

#### **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) changes in assumptions related to the net other postemployment medical benefits. All are presented on the Township's statement of net position.

The statement of net position and balance sheet – governmental funds report 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) differences between expected and actual net other postemployment medical benefits experience. 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, 2024**

#### **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, 2024.

##### *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.

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

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

##### *Pending changes in accounting principles:*

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.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model used in decision making and assessing a government's accountability. The provisions of this Statement are effective for the Township's 2026 financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for the Township's 2026 financial statements.

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

##### *Adoption of new accounting pronouncements:*

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective January 1, 2024, the Township adopted GASB Statement 100, *Accounting Changes and Error Corrections* and GASB Statement 101, *Compensated Absences*. See Notes 11 and 16 for further analysis.

#### **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, 2024**

#### **3. Cash and cash equivalents 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, 2024**

#### **3. Cash and cash equivalents and investments (continued):**

##### *Custodial credit risk, deposits and investments:*

As of December 31, 2024, \$933,966 of the Township and Authority's bank balance of \$1,318,562 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.

Reconciliation of cash, cash equivalents, equity in pooled cash and investments and certificate of deposit to the financial statements:

Collateral held by the pledging bank under Act 72 but not in the Township's or Authority's name	\$ 933,966
Insured by Federal Deposit Insurance Corporation	384,596
Pennsylvania Local Government Investment Trust (PLGIT) AAAM rating:	
Class	760,215
Reserve-Class	10,801
Prime	18,569,520
Outstanding checks	(330,258)
Deposits in transit	2,467
Other reconciling items	(987)
Petty cash	<u>959</u>

Total cash, cash equivalents, equity in pooled cash and investments  
and certificate of deposit per the financial statements

\$ 20,331,279

Reconciliation to the financial statements:

Cash, cash equivalents and equity in pooled cash and investments	\$ 20,094,638
Cash, escrow	223,329
Certificate of deposit, escrow	<u>13,312</u>

Total

\$ 20,331,279

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **3. Cash and cash equivalents 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	\$ 91,445
Charles Schwab, mutual funds	189
Nonuniformed pension:	
Charles Schwab, exchange traded funds	575,255
Charles Schwab, mutual funds	<u>4,492,506</u>
Total pension investments at fair value (Level 1)	<u>\$ 5,159,395</u>
Reconciliation with statement of fiduciary net position:	
Police Pension Fund	\$ 91,634
Nonuniform Pension Fund	<u>5,067,761</u>
Total	<u>\$ 5,159,395</u>

##### *Certificate of deposit:*

The Township's and Authority's certificate of deposit, stated at fair value, consisted of the following as of December 31, 2024:

<u>Certificate of deposit</u>	
First Citizens Community Bank, rate 4.00%, matures July 18, 2025	<u>\$ 13,312</u>
Reconciliation to the financial statements, certificate of deposit, escrow	<u>\$ 13,312</u>

##### *Cash and certificate of deposit escrows:*

Cash and certificate of deposit escrows represent 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, 2024**

#### **3. Cash and cash equivalents and investments (continued):**

##### *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 pools are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of the securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price.

The Township and Authority categorize the fair value of investments based on the hierarchy. 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 and Authority do not have any investments that are measured using Level 3 inputs.

Pennsylvania Local Government Investment Trust (PLGIT) separately issues audited financial statements that are available to the public via their website. The Township and Authority have no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. Alternatively, the Commonwealth of Pennsylvania provides external regulatory oversight of the external investment pools. The pool is audited annually by Ernst & Young, LLP, an independent accounting firm.

The Township and Authority have funds totaling \$19,340,536 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 Reserve-Class Shares - An option which requires a minimum investment of \$50,000, a one day minimum investment period and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and 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 separately issues audited financial statements which are available to the public via their website. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. At December 31, 2024, PLGIT investments carry AAAM ratings and have average maturities of less than one year.

##### *Credit risk:*

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

## NORTH LEBANON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### 3. Cash and cash equivalents and investments (continued):

##### *Credit risk:*

At December 31, 2024, the Township's investments in fixed income securities, excluding fixed income mutual funds and exchange-traded funds, were as follows:

	<u>Rating</u>	<u>Fair value</u>
Pension investments:		
Fair value (Level 1):		
Police pension, Principal Financial Group, fixed income funds:	AAA	\$ 2,304
	A	44,818
	BBB	<u>44,323</u>
Total investments		<u><u>\$ 91,445</u></u>

##### *Concentration of credit risk:*

The Township places no limit on the amount the Township may invest in any one issuer. At December 31, 2024, the majority of the Township's pensions' investments are held in mutual funds and, therefore, are not exposed to concentration of credit risk. Of the investments not held in mutual funds, no amounts were deemed significant concentrations.

##### *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.

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

	<u>Maturities</u>			
	<u>Fair value</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>
Investments:				
Pension investments:				
Fair value (Level 1):				
Police pension, Principal Financial Group, fixed income funds	<u>\$ 91,445</u>	<u>\$ 91,445</u>	<u>\$ -</u>	<u>\$ -</u>

##### *Foreign currency risk:*

The Township invested in international equities in their pension plans, which contains foreign currency risk. The Township's balance at December 31, 2024 in international equities was \$1,267,288.

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **4. 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, 2024. The current renewal periods expire in February 2030. 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, 2024 were \$39,606, all of which were recognized in the General Fund.

The following is the schedule of the lease receivable as of December 31, 2024:

2025	\$ 18,789
2026	19,352
2027	19,933
2028	20,531
2029	21,147
Thereafter	<u>254,576</u>
Total	354,328
Present value discount	<u>(52,765)</u>
Lease receivable	<u><u>\$ 301,563</u></u>



# NORTH LEBANON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 5. Capital assets:

The following is a summary of the changes in governmental activities capital assets, at cost, less accumulated depreciation:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Capital assets not being depreciated:				
Land	\$ 992,311	\$ 181,871	\$ -	\$ 1,174,182
Construction in progress	166,838	95,972	-	262,810
Total capital assets not being depreciated	1,159,149	277,843	-	1,436,992
Capital assets being depreciated:				
Buildings and improvements	4,275,853	165,300	-	4,441,153
Automotive equipment	1,441,824	73,197	501,411	1,013,610
Machinery and equipment	2,253,723	34,909	411,693	1,876,939
Bridges	1,029,736	-	-	1,029,736
Roads	14,324,425	274,754	-	14,599,179
Total capital assets being depreciated	23,325,561	548,160	913,104	22,960,617
Less accumulated depreciation:				
Buildings and improvements	2,290,428	111,689	-	2,402,117
Automotive equipment	958,596	120,895	291,070	788,421
Machinery and equipment	1,767,147	135,152	331,652	1,570,647
Bridges	1,029,736	-	-	1,029,736
Roads	9,465,618	192,588	-	9,658,206
Total accumulated depreciation	15,511,525	560,324	622,722	15,449,127
Total capital assets being depreciated, net	7,814,036	(12,164)	290,382	7,511,490
Governmental activities, capital assets, net	\$ 8,973,185	\$ 265,679	\$ 290,382	\$ 8,948,482

# **NORTH LEBANON TOWNSHIP**

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

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

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 77,644
Public safety	77,113
Public works	35,002
Highway	329,731
Culture, recreation	<u>40,834</u>
Total depreciation expense	<u><u>\$ 560,324</u></u>

### **6. Property, plant and equipment:**

The following is a summary of the changes in business-type activities property, plant and equipment, at cost, less accumulated depreciation:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Capital assets:				
Systems:				
Water	\$ 2,848,944	\$ -	\$ -	\$ 2,848,944
Sewer	17,936,144	-	-	17,936,144
Equipment	849,764	-	-	849,764
Stormwater infrastructure	<u>561,128</u>	<u>1,013,621</u>	<u>-</u>	<u>1,574,749</u>
Total capital assets	<u>22,195,980</u>	<u>1,013,621</u>	<u>-</u>	<u>23,209,601</u>
Less accumulated depreciation:				
Systems:				
Water	1,317,637	71,224	-	1,388,861
Sewer	11,127,483	438,279	-	11,565,762
Equipment	708,575	41,669	-	750,244
Stormwater infrastructure	<u>23,923</u>	<u>16,140</u>	<u>-</u>	<u>40,063</u>
Total accumulated depreciation	<u>13,177,618</u>	<u>567,312</u>	<u>-</u>	<u>13,744,930</u>
Capital assets, net	<u><u>\$ 9,018,362</u></u>	<u><u>\$ 446,309</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,464,671</u></u>

## **NORTH LEBANON TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### **7. 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, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
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	30,429	732	31,161
2030-2031	<u>56,774</u>	<u>548</u>	<u>57,322</u>
Total	<u><u>\$ 205,921</u></u>	<u><u>\$ 7,206</u></u>	<u><u>\$ 213,127</u></u>

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, 2024:

	<u>Balance January 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2024</u>	<u>Due within one year</u>
PENNVEST loan	<u>\$ 234,866</u>	<u>\$ -</u>	<u>\$ 28,945</u>	<u>\$ 205,921</u>	<u>\$ 29,236</u>

##### *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, 2024**

#### **7. Long-term debt (continued):**

##### *Guaranteed Sewer Revenue Note, Series of 2015A:*

The Guaranteed Sewer Revenue Note of 2015A was paid off during the year ended December 31, 2024.

##### *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, 2024 is as follows:

<u>Principal amount</u>	<u>Year</u>	<u>Interest rate</u>
\$ 95,754	2025	1.60 %
97,298	2026	1.60
<u>59,070</u>	2027	1.60
<u><u>\$ 252,122</u></u>		

Water revenue note debt service requirements for the next five years and thereafter, including interest of \$32,754, are as follows:

	<u>Debt service</u>
2025	\$ 109,328
2026	109,328
2027	<u>66,220</u>
Total	<u><u>\$ 284,876</u></u>

## **NORTH LEBANON TOWNSHIP**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### **7. Long-term debt (continued):**

##### *Guaranteed Water Revenue Note, Series of 2015B:*

The following is a summary of changes in the Authority's 2015 Guaranteed Sewer Revenue Note and Water Revenue Note for the year ended December 31, 2024:

	<u>Balance January 1</u>	<u>Payments</u>	<u>Balance December 31</u>	<u>Due within one year</u>
Series of 2015A Note	\$ 522,539	\$ 522,539	\$ -	\$ -
Series of 2015B Note	<u>556,357</u>	<u>304,235</u>	<u>252,122</u>	<u>95,754</u>
	<u>\$ 1,078,896</u>	<u>\$ 826,774</u>	<u>\$ 252,122</u>	<u>\$ 95,754</u>

##### *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, 2024:

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 2024	<u>(2,312,148)</u>
Loss on refunding, net of accumulated amortization	<u>\$ 581,843</u>

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 2024 was \$114,943.

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. 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.

##### *Plan membership:*

As of December 31, 2024, participation in the respective plans is as follows:

##### Police Pension Plan

Membership:	
Active employees	12
Retirees and beneficiaries currently receiving benefits	8 *
Terminated employees entitled to benefits	<u>1</u>
Total	<u><u>21</u></u>

\* Includes 0 members in the DROP.

##### Nonuniformed Pension Plan

Membership:	
Active employees	14
Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits	<u>2</u>
Total	<u><u>30</u></u>

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. Defined benefit pension plans (continued):**

##### *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.

Funding of the respective plans was provided as follows for 2024:

<u>Description</u>	<u>Police Pension Plan *</u>	<u>Nonuniformed Pension Plan</u>
Annual covered payroll	\$ 1,092,357	\$ 829,454
Employee contribution rate	5.0% of gross wages *	N/A
Employee contributions paid in 2024	\$ 53,595	
State aid and Township contributions paid in 2024	\$ 113,248	\$ 94,373
Total contributions made as a percentage of payroll	15.27%	11.38%

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

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. Defined benefit pension plans (continued):**

*Summary of plan provisions:*

	<u>Police Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
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/she been retired at the time of death.	If a member is vested at the time of death, a monthly death benefit is payable to his/her surviving spouse, provided that he/she had been married for a year prior to his/her death, 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/her death.



# NORTH LEBANON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 8. Defined benefit pension plans (continued):

*Summary of plan provisions:*

	Police Pension Plan	Nonuniformed Pension Plan
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 (DROP) for a period of not less than 12 months nor 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/her date of participation in the DROP and be deposited into a DROP account for him/her. The DROP account shall earn the same annual rate of return as the trust, but not less than 0.0% nor more than 4.5%. The balance in his/her DROP account shall be paid to him/her in a single lump sum at retirement.	N/A

*Net pension (asset) liability:*

The net pension (asset) liability was measured as of December 31, 2024, 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, 2024. 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, 2024 were as follows:

	Police Pension Plan	Nonuniformed Pension Plan	Total
Total pension liability	\$ 6,363,407	\$ 5,034,361	\$ 11,397,768
Plan fiduciary net position	6,475,892	5,067,761	11,543,653
Net pension (asset) liability	(112,485)	(33,400)	(145,885)
Plan fiduciary net position as a percentage of the total pension liability	101.77%	100.66%	101.28%

## NORTH LEBANON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### 8. 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.

	Police Pension Plan	Nonuniformed Pension Plan
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-2021 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:

	Police Pension Plan	
Asset class	Target allocation	Long-term expected real rate of return
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, 2024**

#### **8. Defined benefit pension plans (continued):**

##### *Actuarial assumptions:*

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

##### 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, 2024

### 8. Defined benefit pension plans (continued):

#### *Changes in the police net pension asset:*

The changes in the police net pension asset for the Township for the year ended December 31, 2024 was as follows:

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net position asset
	(a)	(b)	(a) - (b)
Balances at January 1, 2024	\$ 6,060,608	\$ 6,089,165	\$ (28,557)
Service cost	161,875	-	161,875
Interest cost	490,301	-	490,301
Contributions:			
Employer	-	113,248	(113,248)
Members	-	53,595	(53,595)
Net investment income	-	580,286	(580,286)
Benefit payments, including refund of member contributions	(349,377)	(349,377)	-
Administrative expense	-	(11,025)	11,025
Net changes	302,799	386,727	(83,928)
Balances at December 31, 2024	\$ 6,363,407	\$ 6,475,892	\$ (112,485)

#### *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	\$ 664,304	\$ (112,485)	\$ (756,847)

# NORTH LEBANON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 8. Defined benefit pension plans (continued):

#### *Changes in the nonuniformed net pension (asset) liability:*

The changes in the nonuniformed net pension (asset) liability for the Township for the year ended December 31, 2024 was as follows:

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net position (asset) liability
	(a)	(b)	(a) - (b)
Balances at January 1, 2024	\$ 4,914,156	\$ 4,805,972	\$ 108,184
Service cost	69,169	-	69,169
Interest cost	362,085	-	362,085
Contributions, employer	-	94,373	(94,373)
Net investment income	-	490,565	(490,565)
Benefit payments, including refund of member contributions	(311,049)	(311,049)	-
Administrative expense	-	(12,100)	12,100
Net changes	120,205	261,789	(141,584)
Balances at December 31, 2024	\$ 5,034,361	\$ 5,067,761	\$ (33,400)

#### *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	\$ 455,012	\$ (33,400)	\$ (448,055)

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. Defined benefit pension plans (continued):**

##### *Police pension expense:*

The police pension expense for the Township for the year ended December 31, 2024 was as follows:

Service cost	\$ 161,875
Interest on the total pension liability	490,301
Differences between expected and actual experience <sup>1</sup>	(167,493)
Changes of assumptions <sup>1</sup>	29,787
Member contributions	(53,595)
Projected earnings on pension plan investments	(449,429)
Difference between projected and actual earnings on investments <sup>2</sup>	78,251
Pension plan administrative expense	<u>11,025</u>
Total pension expense	<u><u>\$ 100,722</u></u>

<sup>1</sup> 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.

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

# NORTH LEBANON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 8. Defined benefit pension plans (continued):

#### *Police deferred outflows and inflows of resources:*

At December 31, 2024, 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	\$ -	\$ 526,056	\$ (526,056)
Change of assumptions	29,314	-	29,314
Difference between projected and actual investment earnings	<u>197,545</u>	<u>-</u>	<u>197,545</u>
Total	<u><u>\$ 226,859</u></u>	<u><u>\$ 526,056</u></u>	<u><u>\$ (299,197)</u></u>

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

2025	\$ 33,470
2026	77,488
2027	(185,054)
2028	(92,481)
2029	(66,310)
Thereafter	<u>(66,310)</u>
	<u><u>\$ (299,197)</u></u>

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. Defined benefit pension plans (continued):**

##### *Nonuniformed pension expense:*

The nonuniformed pension expense for the Township for the year ended December 31, 2024 was as follows:

Service cost	\$ 69,169
Interest on the total pension liability	362,085
Differences between expected and actual experience <sup>1</sup>	(41,035)
Changes of assumptions <sup>1</sup>	19,593
Projected earnings on pension plan investments	(351,869)
Difference between projected and actual earnings on investments <sup>2</sup>	58,081
Pension plan administrative expense	<u>12,100</u>
Total pension expense	<u><u>\$ 128,124</u></u>

<sup>1</sup> 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.

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



# **NORTH LEBANON TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

### **8. Defined benefit pension plans (continued):**

#### *Nonuniformed deferred outflows and inflows of resources:*

At December 31, 2024, 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	\$ -	\$ 222,267	\$ (222,267)
Change of assumptions	58,781	-	58,781
Difference between projected and actual investment earnings	<u>141,517</u>	<u>-</u>	<u>141,517</u>
Total	<u>\$ 200,298</u>	<u>\$ 222,267</u>	<u>\$ (21,969)</u>

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

2025	\$ 84,567
2026	122,134
2027	(101,767)
2028	(53,940)
2029	(24,320)
Thereafter	<u>(48,643)</u>
	<u>\$ (21,969)</u>

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **8. Defined benefit pension plans (continued):**

##### *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:

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

The investment policy remains in effect until revoked or changed by the respective pension boards. There were no changes in policy for 2024.

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	10.65%
Nonuniformed pension	14.00%

##### *Police pension plan merger:*

The North Lebanon Township Police Pension Plan will merge with North Cornwall Township Police Pension Plan effective January 1, 2025 to form a regional department/plan for the Lebanon County Regional Police Commission (the Commission). The majority of the Police Pension Plan's assets were transferred to the Commission in December 2024. The Police Pension Plan's fiduciary net position will be transferred to the Commission on January 1, 2025.

#### **9. 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.

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **9. Other postemployment medical benefits (continued):**

##### *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 postretirement 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.

##### *General information about the OPEB plan:*

The plan is unfunded, with premium reimbursement payments made by the Township directly to the retirees on a pay-as-you-go basis. For the year ended December 31, 2024, the Township did not have any reimbursable premiums costs for the retirees. There are no retiree contributions to the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

##### *Plan membership:*

As of December 31, 2024, participation in the plan is as follows:

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

##### *Funding policy:*

Eligible employees are not required to contribute to the plan. For the year ended December 31, 2024, the Township made no contributions to the OPEB plan. OPEB obligations are typically liquidated by the General Fund. Covered payroll as of December 31, 2024 is \$834,128 and contributions as a percentage of covered payroll is 0%.

**NORTH LEBANON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

**9. Other postemployment medical benefits (continued):**

*OPEB liability:*

The OPEB liability was measured as of December 31, 2024, 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, 2024. No significant events or changes in assumptions occurred between the valuation date and the year end. The components of the OPEB liability of the Township as of December 31, 2024 were as follows:

	<u>OPEB plan</u>
Total OPEB liability	\$ 182,921
Plan fiduciary net position	-
OPEB liability	182,921
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, 2024**

### **9. 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	4.00%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2024.
Health Care Cost Trend Rate	6.00% in 2023, and 5.50% 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	26,706	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, 2024

#### **9. 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 4.00%. During the prior valuation, the discount rate assumed was 4.31%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2024.

*Changes in OPEB liability:*

The changes in the OPEB liability for the Township for the year ended December 31, 2024 were as follows:

	<u>Increase (decrease)</u>	
	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>
		<u>OPEB liability</u>
Balances at January 1, 2024	<u>\$ 160,024</u>	<u>\$ 160,024</u>
Changes for the year:		
Service cost	8,152	8,152
Interest	7,248	7,248
Changes in assumptions	<u>7,497</u>	<u>7,497</u>
Net changes	<u>22,897</u>	<u>22,897</u>
Balances at December 31, 2024	<u><u>\$ 182,921</u></u>	<u><u>\$ 182,921</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u><u>0.00%</u></u>

# **NORTH LEBANON TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

### **9. Other postemployment medical benefits (continued):**

#### *Sensitivity of the OPEB liability to changes in the discount rate:*

The following presents the OPEB liability of the plan calculated using the current discount rate, as well as what the plan's 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:

	1% Decrease	Current	1% Increase
	3.00%	discount rate	5.00%
		4.00%	
Total OPEB liability	\$ 199,166	\$ 182,921	\$ 167,942

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

The following presents the OPEB liability of the plan calculated using the Health Care Cost Trend Rate described above, as well as what the plan's 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:

	1% Decrease	Current	1% Increase
		valuation rates	
Total OPEB liability	\$ 166,581	\$ 182,921	\$ 201,756

#### *OPEB expense:*

The OPEB expense for the Township for the year ended December 31, 2024 was as follows:

Service cost	\$ 8,152
Interest on the total OPEB liability	7,248
Amortization of deferred:	
Outflows	6,681
Inflows	(6,598)
Total OPEB expense	\$ 15,483

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **9. Other postemployment medical benefits (continued):**

##### *Deferred outflows and inflows of resources:*

At December 31, 2024, 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	\$ 12,906	\$ -	\$ 12,906
Changes in assumptions	-	11,063	(11,063)
	<u>\$ 12,906</u>	<u>\$ 11,063</u>	<u>\$ 1,843</u>

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

2025	\$ 83
2026	83
2027	83
2028	83
2029	83
Thereafter	<u>1,428</u>
	<u>\$ 1,843</u>

##### *Police OPEB plan merger:*

The North Lebanon Township Police OPEB Plan will merge with North Cornwall Township Police OPEB Plan effective January 1, 2025 to form a regional department/plan for the Lebanon County Regional Police Commission (the Commission). The Police OPEB Plan's fiduciary OPEB liability will be transferred to the Commission on January 1, 2025.

#### **10. 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, 2024 is \$959,213.

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, 2024**

#### **11. 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, 2024, the liability for compensated absences is as follows:

	Beginning balance <u>(as restated)</u>	<u>Additions</u>	<u>Reductions</u>	Ending balance
Governmental activities, compensated absences	<u>\$ 791,695</u>	<u>\$ -</u>	<u>\$ 109,609</u>	<u>\$ 682,086</u>

The General Fund is expected to liquidate the compensated absences.

#### **12. Contingencies and commitments:**

##### *General:*

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the county, state and federal government. Any disallowed claims, including amounts already collected, may constitute a future disbursement of the applicable fund. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

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, 2024, the financial impact to the Township regarding these matters cannot be determined.

##### *Long-term debt:*

The Township has guaranteed the 2015A Guaranteed Sewer Revenue Note and the 2015B Guaranteed Water Revenue Note issued by the Authority as set forth in guaranty agreements between the Township, the Authority and Fulton Bank of Lancaster and ACNB Bank dated November 5, 2015. The 2015A Guaranteed Sewer Revenue Note was paid off during the year ended December 31, 2024, and the 2015B Guaranteed Water Revenue Note has a principal balance of \$252,122 at December 31, 2024.

## **NORTH LEBANON TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **12. Contingencies and commitments (continued):**

##### *Lebanon County Regional Police Commission:*

In 2024, North Lebanon Township and North Cornwall Township entered into a charter agreement to form the Lebanon County Regional Police Commission (the Commission). The Commission becomes operational on January 1, 2025. Each municipality agreed to contribute assets of their individual police forces. Each municipality also agreed to contractual terms to an ongoing financial responsibility to fund the operations based on police protection units established in the charter agreement. Each municipality also appoints two of the current governmental officials to the governing board of the regional police force. The Lebanon County Regional Police Commission is a separate legal entity. North Lebanon Township and North Cornwall Township agree not to withdraw from participation in the Commission or dissolve the Commission before December 31, 2029.

Starting January 1, 2025, the Commission will lease space for their headquarters from North Lebanon Township and will lease space for a substation from North Cornwall Township. The lease terms will be mutually agreed to by the commission and the Townships. The total budgeted lease cost for 2025 is \$130,000.

During the year ended December 31, 2024, the Township transferred \$915,047 of assets to the Lebanon County Regional Police Commission. The net book value of \$290,382 of the assets are shown as a special item on the statement of activities.

##### *Collective bargaining agreement:*

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. This agreement expired on December 31, 2024 since the Township's uniformed employees will join the regional police commission effective January 1, 2025.

#### **13. Interfund transfer and due to/from:**

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

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 21,384	\$ -
Street light fund	-	68
Special projects fund	-	455
Parks and recreation fund	-	80
Sewer fund (Authority)	-	20,326
Stormwater fund	-	455
	<u>\$ 21,384</u>	<u>\$ 21,384</u>

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **13. 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	\$ -	\$ 313,305
Capital improvements fund	28,305	-
Capital reserve fund	165,000	-
Fire protection fund	120,000	-
Sewer fund (Authority)	311,228	-
Water fund (Authority)	-	311,228
	<u>\$ 624,533</u>	<u>\$ 624,533</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.

#### **14. 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. Effective January 1, 2025, the police services in West Lebanon Township will be the responsibility of the Lebanon County Regional Police Commission.

#### **15. American Rescue Plan:**

On March 11, 2021, the American Rescue Plan Act of 2021 (American Rescue Plan), a \$1.9 trillion coronavirus (COVID-19) relief package, was signed into law. The American Rescue Plan provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The American Rescue Plan provides \$130 billion in emergency funding for local governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery. The Township was allocated \$1,279,532 in funding from the American Rescue Plan. The Township will have until December 31, 2024 to spend or commit 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, 2024, the unused portion of \$128,976 was recorded as unearned revenues. These funds were committed for the purchase of equipment as of December 31, 2024.

# NORTH LEBANON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 16. Change in accounting principles and prior period adjustments:

#### *Change in accounting principles:*

Effective January 1, 2024, the Township adopted GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*. The implementation of these Statements enhanced the Township's financial statement disclosures and required measurement of the Township's compensated absences balance.

#### *Prior period adjustments:*

A prior period adjustment was made to the sewer fund and business type activities to record accounts receivable for unbilled receivables and accounts payable for sewer treatment charges relating to the year ended December 31, 2023. A prior period adjustment was also made to the general fund and governmental activities to record taxes receivable and accounts receivable relating to the year ended December 31, 2023.

The following are the adjustments to the beginning General Fund fund balance and governmental activities net position:

	<u>General Fund</u>	<u>Governmental funds</u>	<u>Governmental activities</u>
Beginning fund balance/net position, as previously reported, December 31, 2023	\$ 3,870,673	\$ 7,658,161	\$ 16,250,401
Prior period adjustments:			
Record accounts receivable	46,690	46,690	46,690
Record taxes receivable	454,870	454,870	442,442
Implementation of GASB Statement No. 101	<u>                    </u>	<u>                    </u>	<u>(626,265)</u>
Fund balance/net position, as restated, January 1, 2024	<u><u>\$ 4,372,233</u></u>	<u><u>\$ 8,159,721</u></u>	<u><u>\$ 16,113,268</u></u>

The following are the adjustments to the beginning sewer fund and business-type activities net position:

	<u>Sewer fund</u>	<u>Business-type activities</u>
Beginning net position, as previously reported, December 31, 2023	\$ 14,293,121	\$ 17,205,562
Prior period adjustments:		
Accounts and interest receivable	779,133	779,133
Accounts payable and accrued expenses	<u>(344,422)</u>	<u>(344,422)</u>
Net position, as restated, January 1, 2024	<u><u>\$ 14,727,832</u></u>	<u><u>\$ 17,640,273</u></u>

## ***NORTH LEBANON TOWNSHIP***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **17. Subsequent events:**

The Guaranteed Water Revenue Note of 2015B was paid off in May 2025. The long-term debt note was not modified for this payoff.

In May 2025, the Authority terminated the water tapping fee and the water debt fee.

The Township has evaluated subsequent events through July 7, 2025, 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, 2024 (See independent auditor's report)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability:</b>										
Service cost	\$ 161,875	\$ 154,167	\$ 174,869	\$ 166,542	\$ 191,119	\$ 181,089	\$ 171,172	\$ 163,021	\$ 159,181	\$ 151,601
Interest cost	490,301	486,709	475,564	400,474	386,936	352,847	329,135	303,429	299,935	277,692
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	(349,377)	(172,228)	(147,431)	(241,389)	(122,684)	(119,636)	(132,064)	(131,627)	(131,627)	(148,989)
<b>Net change in total pension liability</b>	<b>302,799</b>	<b>(61,833)</b>	<b>503,002</b>	<b>134,695</b>	<b>487,085</b>	<b>346,086</b>	<b>368,243</b>	<b>50,080</b>	<b>327,489</b>	<b>422,720</b>
<b>Total pension liability:</b>										
Beginning of year	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
<b>End of year (a)</b>	<b>\$ 6,363,407</b>	<b>\$ 6,060,608</b>	<b>\$ 6,122,441</b>	<b>\$ 5,619,439</b>	<b>\$ 5,484,744</b>	<b>\$ 4,997,659</b>	<b>\$ 4,651,573</b>	<b>\$ 4,283,330</b>	<b>\$ 4,233,250</b>	<b>\$ 3,905,761</b>
<b>Plan fiduciary net position:</b>										
Contributions:										
Employer	\$ 113,248	\$ 108,241	\$ 160,289	\$ 232,989	\$ 200,336	\$ 195,980	\$ 185,722	\$ 171,553	\$ 175,530	\$ 149,882
Members	53,595	52,908	54,511	59,309	103,346	58,753	56,998	54,252	49,601	50,762
Net investment income (loss)	580,286	729,005	(888,130)	635,676	645,621	676,380	(255,499)	424,688	271,769	(45,684)
Benefit payments, including refunds of member contributions	(349,377)	(172,228)	(147,431)	(241,389)	(122,684)	(119,636)	(132,064)	(131,627)	(131,627)	(148,989)
Administrative expense	(11,025)	(2,444)	(3,100)	(9,400)	(3,900)	(5,800)	(3,000)	(5,000)	(2,700)	(5,000)
<b>Net change in plan fiduciary net position</b>	<b>386,727</b>	<b>715,482</b>	<b>(823,861)</b>	<b>677,185</b>	<b>822,719</b>	<b>805,677</b>	<b>(147,843)</b>	<b>513,866</b>	<b>362,573</b>	<b>971</b>
<b>Total fiduciary net position:</b>										
Beginning of year	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
<b>End of year (b)</b>	<b>\$ 6,475,892</b>	<b>\$ 6,089,165</b>	<b>\$ 5,373,683</b>	<b>\$ 6,197,544</b>	<b>\$ 5,520,359</b>	<b>\$ 4,697,640</b>	<b>\$ 3,891,963</b>	<b>\$ 4,039,806</b>	<b>\$ 3,525,940</b>	<b>\$ 3,163,367</b>
<b>Net pension (asset) liability, end of year (a) - (b)</b>	<b>\$ (112,485)</b>	<b>\$ (28,557)</b>	<b>\$ 748,758</b>	<b>\$ (578,105)</b>	<b>\$ (35,615)</b>	<b>\$ 300,019</b>	<b>\$ 759,610</b>	<b>\$ 243,524</b>	<b>\$ 707,310</b>	<b>\$ 742,394</b>
Plan fiduciary net position as a percentage of total pension (asset) liability	101.77%	100.47%	87.77%	110.29%	100.65%	94.00%	83.67%	94.31%	83.29%	80.99%
Covered payroll	\$ 1,092,357	\$ 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
Net pension (asset) liability as a percentage of covered payroll	(10.30)%	(2.64)%	73.39%	(49.23)%	(3.37)%	25.83%	67.19%	22.24%	71.36%	73.17%

# 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, 2024 (See independent auditor's report)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability:</b>										
Service cost	\$ 69,169	\$ 66,190	\$ 89,637	\$ 85,777	\$ 86,548	\$ 82,821	\$ 87,656	\$ 83,881	\$ 82,419	\$ 78,870
Interest cost	362,085	349,767	348,033	325,548	302,962	279,660	254,503	232,549	221,152	201,271
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	(311,049)	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)	(19,525)
<b>Net change in total pension liability</b>	<b>120,205</b>	<b>(1,265)</b>	<b>291,563</b>	<b>311,612</b>	<b>329,089</b>	<b>354,709</b>	<b>303,296</b>	<b>164,157</b>	<b>285,873</b>	<b>159,459</b>
<b>Total pension liability:</b>										
Beginning of year	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
<b>End of year (a)</b>	<b>\$ 5,034,361</b>	<b>\$ 4,914,156</b>	<b>\$ 4,915,421</b>	<b>\$ 4,623,858</b>	<b>\$ 4,312,246</b>	<b>\$ 3,983,157</b>	<b>\$ 3,628,448</b>	<b>\$ 3,325,152</b>	<b>\$ 3,160,995</b>	<b>\$ 2,875,122</b>
<b>Plan fiduciary net position:</b>										
Contributions, employer	\$ 94,373	\$ 82,339	\$ 112,613	\$ 193,540	\$ 135,466	\$ 131,307	\$ 123,682	\$ 128,622	\$ 132,808	\$ 163,751
Net investment income (loss)	490,565	583,942	(737,428)	527,869	533,154	572,629	(224,991)	365,888	231,096	(41,309)
Benefit payments, including refunds of member contributions	(311,049)	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)	(19,525)
Administrative expense	(12,100)	-	(4,100)	(6,500)	(3,000)	(6,000)	(5,600)	(6,000)	(3,300)	(5,000)
<b>Net change in plan fiduciary net position</b>	<b>261,789</b>	<b>467,943</b>	<b>(775,022)</b>	<b>630,239</b>	<b>605,199</b>	<b>647,330</b>	<b>(145,772)</b>	<b>472,412</b>	<b>342,906</b>	<b>97,917</b>
<b>Total fiduciary net position:</b>										
Beginning of year	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
<b>End of year (b)</b>	<b>\$ 5,067,761</b>	<b>\$ 4,805,972</b>	<b>\$ 4,338,029</b>	<b>\$ 5,113,051</b>	<b>\$ 4,482,812</b>	<b>\$ 3,877,613</b>	<b>\$ 3,230,283</b>	<b>\$ 3,376,055</b>	<b>\$ 2,903,643</b>	<b>\$ 2,560,737</b>
<b>Net pension (asset) liability, end of year (a) - (b)</b>	<b>\$ (33,400)</b>	<b>\$ 108,184</b>	<b>\$ 577,392</b>	<b>\$ (489,193)</b>	<b>\$ (170,566)</b>	<b>\$ 105,544</b>	<b>\$ 398,165</b>	<b>\$ (50,903)</b>	<b>\$ 257,352</b>	<b>\$ 314,385</b>
Plan fiduciary net position as a percentage of total pension (asset) liability	100.66%	97.80%	88.25%	110.58%	103.96%	97.35%	89.03%	101.53%	91.86%	89.07%
Covered payroll	\$ 829,454	\$ 755,249	\$ 839,034	\$ 894,820	\$ 866,731	\$ 792,233	\$ 747,653	\$ 733,121	\$ 762,182	\$ 664,425
Net pension (asset) liability as a percentage of covered payroll	(4.03)%	14.32%	68.82%	(54.67)%	(19.68)%	13.32%	53.26%	(6.94)%	33.77%	47.32%

***NORTH LEBANON TOWNSHIP***

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF INVESTMENT RETURNS –  
LAST TEN CALENDAR YEARS  
YEAR ENDED DECEMBER 31, 2024  
(See independent auditor's report)

	<u>2024</u>	<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>
Annual dollar-weighted rate of return:										
Police Pension Plan	10.65%	13.90%	(14.17)%	12.17%	14.38%	18.20%	(6.58)%	13.10%	9.10%	(1.00)%
Nonuniformed Pension Plan	14.00%	13.69%	(14.35)%	12.21%	14.21%	18.20%	(6.59)%	13.11%	9.50%	(1.20)%



# ***NORTH LEBANON TOWNSHIP***

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE PENSION PLAN  
YEAR ENDED DECEMBER 31, 2024  
(See independent auditor's report)

<u>Year</u>	Police Pension Plan				Employer contributions as a percentage of covered payroll
	<u>Actuarially determined contribution</u>	<u>Contributions from the employer</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	
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
2024	113,248	113,248	-	1,092,357	10.37

# ***NORTH LEBANON TOWNSHIP***

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – NONUNIFORMED PENSION PLAN  
YEAR ENDED DECEMBER 31, 2024  
(See independent auditor's report)

<u>Year</u>	<u>Nonuniformed Pension Plan</u>				<u>Employer contributions as a percentage of covered payroll</u>
	<u>Actuarially determined contribution</u>	<u>Contributions from the employer</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	
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
2024	67,874	94,373	(26,499)	829,454	11.38

## ***NORTH LEBANON TOWNSHIP***

### REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF ACTUARIAL ASSUMPTIONS – PENSION PLANS YEAR ENDED DECEMBER 31, 2024 (See independent auditor's report)

Notes to required supplementary information. Methods and assumptions used to determine contribution rates:

	<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.

The Police Pension Plan will merge with North Cornwall Township Police Pension Plan effective January 1, 2025 to form a regional department/plan.

# NORTH LEBANON TOWNSHIP

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED PERCENTAGES – OTHER POSTEMPLOYMENT BENEFITS YEAR ENDED DECEMBER 31, 2024 (See independent auditor's report)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 8,152	\$ 9,938	\$ 10,036	\$ 9,020	\$ 7,976	\$ 7,822	\$ 6,824
Interest cost	7,248	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	7,497	(35,029)	(4,404)	16,682	5,603	(5,985)	4,841
Net change in total OPEB liability	22,897	7,878	8,596	5,894	18,217	14,855	15,233
Total OPEB liability:							
Beginning of year	160,024	152,146	143,550	137,656	119,439	104,584	89,351
End of year (a)	<u>\$ 182,921</u>	<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>	<u>\$ -</u>
OPEB liability, end of year (a) - (b)	<u>\$ 182,921</u>	<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%	0.00%
Covered payroll	\$ 834,128	\$ 834,128	\$ 850,168	\$ 850,168	\$ 973,232	\$ 973,232	\$ 973,232
OPEB liability as a percentage of covered payroll	21.93%	19.18%	17.90%	16.88%	14.14%	12.27%	10.75%

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

Notes to schedule:

*Changes in assumptions:* During 2024, the discount rate changed from 4.31% to 4.00% since the prior measurement. 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, 2024 (See independent auditor's report)

	<u>2023</u>	<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>	<u>-</u>
Contribution (excess) deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 834,128</u>	<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%	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, 2024  
(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	4.00%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2024.
Health Care Cost Trend Rate	6.00% in 2023, and 5.50% 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, 2024 (See independent auditor's report)

	General Fund			Variance
	Original budget	Revised budget	Actual	over (under)
<b>Revenues:</b>				
Taxes	\$ 3,969,779	\$ 3,969,779	\$ 4,218,919	\$ 249,140
Licenses, permits and fines	270,209	270,209	271,694	1,485
Investment income and rent	132,932	132,932	381,691	248,759
Intergovernmental revenues	370,485	370,485	360,166	(10,319)
Department earnings	112,020	112,020	110,286	(1,734)
Private sector contributions	5,000	5,000	20,500	15,500
Public safety	8,150	8,150	22,930	14,780
Miscellaneous	51,763	51,763	203,846	152,083
Refuse benefit fee	165,000	165,000	163,345	(1,655)
<b>Total revenues</b>	<b>5,085,338</b>	<b>5,085,338</b>	<b>5,753,377</b>	<b>668,039</b>
<b>Expenditures:</b>				
General government	596,860	596,860	628,822	31,962
Public safety	2,725,916	2,725,916	2,638,869	(87,047)
Public works	91,352	91,352	91,471	119
Highways	927,760	927,760	765,872	(161,888)
Parks and recreation	170,136	170,136	172,421	2,285
<b>Total expenditures</b>	<b>4,512,024</b>	<b>4,512,024</b>	<b>4,297,455</b>	<b>(214,569)</b>
Excess of revenues over expenditures before other financing sources (uses)	573,314	573,314	1,455,922	882,608
<b>Other financing sources (uses):</b>				
Operating transfers out	(313,083)	(313,083)	(313,305)	(222)
Proceeds from sale of assets	3,000	3,000	10,957	7,957
<b>Total other financing sources (uses)</b>	<b>(310,083)</b>	<b>(310,083)</b>	<b>(302,348)</b>	<b>7,735</b>
Changes in fund balance	\$ 263,231	\$ 263,231	1,153,574	\$ 890,343
<b>Fund balance:</b>				
January 1			4,372,233	
<b>December 31</b>			<b>\$ 5,525,807</b>	

## ***NORTH LEBANON TOWNSHIP***

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET (UNAUDITED)**

**YEAR ENDED DECEMBER 31, 2024**  
(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 2024, the Board of Supervisors did not approve any additional budgetary expenditure amendments for these funds. During 2024, general government expenditures were over budget by \$31,962, public works expenditures were over budget by \$119 and parks and recreation expenditures were over budget by \$2,285. Funds sufficient to provide for the excess expenditures were available from other functions within the fund.



# NORTH LEBANON TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET DECEMBER 31, 2024 (See independent auditor's report)

	Capital reserve fund	Fire protection fund	Street light fund	Special projects fund	Liquid fuels fund	Parks and recreation fund	Total
ASSETS							
<b>Assets:</b>							
Cash, cash equivalents and equity in pooled cash and investments	\$ 625,757	\$ 9,686	\$ 174,284	\$ 545,869	\$ 911,042	\$ 860,950	\$ 3,127,588
Taxes receivable	-	-	1,775	-	-	-	1,775
Accounts and interest receivable	-	-	-	73,930	-	-	73,930
<b>Total assets</b>	<b>\$ 625,757</b>	<b>\$ 9,686</b>	<b>\$ 176,059</b>	<b>\$ 619,799</b>	<b>\$ 911,042</b>	<b>\$ 860,950</b>	<b>\$ 3,203,293</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<b>Liabilities:</b>							
Unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	1,000
Due to other funds	-	-	68	455	-	80	603
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>455</b>	<b>-</b>	<b>1,080</b>	<b>1,603</b>
Deferred inflows of resources, unavailable tax revenues	-	-	1,100	-	-	-	1,100
Fund balances	625,757	9,686	174,891	619,344	911,042	859,870	3,200,590
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 625,757</b>	<b>\$ 9,686</b>	<b>\$ 176,059</b>	<b>\$ 619,799</b>	<b>\$ 911,042</b>	<b>\$ 860,950</b>	<b>\$ 3,203,293</b>

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, 2024 (See independent auditor's report)

	Capital reserve fund	Fire protection fund	Street light fund	Special projects fund	Liquid fuels fund	Parks and recreation fund	Total
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ 62,793	\$ -	\$ -	\$ -	\$ 62,793
Intergovernmental revenues	-	-	-	98,187	423,091	13,000	534,278
Investment income and rents	36,131	2,055	11,885	40,174	46,769	33,900	170,914
Departmental earnings	-	-	-	45,892	815	4,800	51,507
Private sector contributions	-	-	-	-	-	393,800	393,800
<b>Total revenues</b>	<b>36,131</b>	<b>2,055</b>	<b>74,678</b>	<b>184,253</b>	<b>470,675</b>	<b>445,500</b>	<b>1,213,292</b>
<b>Expenditures:</b>							
General government	220	-	-	-	-	-	220
Public safety	73,197	120,000	-	-	-	-	193,197
Public works	-	-	-	133,243	-	-	133,243
Highways	7,573	-	52,319	-	92,924	-	152,816
Parks and recreation	-	-	-	-	-	15,112	15,112
<b>Total expenditures</b>	<b>80,990</b>	<b>120,000</b>	<b>52,319</b>	<b>133,243</b>	<b>92,924</b>	<b>15,112</b>	<b>494,588</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(44,859)	(117,945)	22,359	51,010	377,751	430,388	718,704
<b>Other financing sources:</b>							
Proceeds from sale of assets	4,000	-	-	-	-	-	4,000
Operating transfers in	165,000	120,000	-	-	-	-	285,000
<b>Total other financing sources</b>	<b>169,000</b>	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289,000</b>
<b>Changes in fund balances</b>	<b>124,141</b>	<b>2,055</b>	<b>22,359</b>	<b>51,010</b>	<b>377,751</b>	<b>430,388</b>	<b>1,007,704</b>
<b>Fund balances:</b>							
January 1, 2024	501,616	7,631	152,532	568,334	533,291	429,482	2,192,886
<b>December 31, 2024</b>	<b>\$ 625,757</b>	<b>\$ 9,686</b>	<b>\$ 174,891</b>	<b>\$ 619,344</b>	<b>\$ 911,042</b>	<b>\$ 859,870</b>	<b>\$ 3,200,590</b>

See notes to financial statements.