NORTH LEBANON Township

www.northlebanontwppa.gov

YEAR ENDED DECEMBER 31, 2025

Brown Plus

ACCOUNTANTS + ADVISORS

NORTH LEBANON TOWNSHIP

YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Required supplementary information – management's discussion and analysis (unaudited)	4-13
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	14-15
Statement of activities	16-17
Fund financial statements and reconciliations:	
Balance sheet – governmental funds	18
Reconciliation of total governmental fund balances to net position of governmental activities	19
Statement of revenues, expenditures and changes in fund balances – governmental funds	20
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	21
Statement of net position – proprietary funds	22
Statement of revenues, expenses and changes in net position – proprietary funds	23
Statement of cash flows – proprietary funds	24-25
Statement of fiduciary net position	26
Statement of changes in fiduciary net position	27
Notes to financial statements	28-61

NORTH LEBANON TOWNSHIP

YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS (CONTINUED)

	Page
Required supplementary information (unaudited):	
Schedule of changes in net pension (asset) liability and related percentages – nonuniformed pension plan	62
Schedule of investment returns – last ten calendar years	63
Schedule of employer contributions – nonuniformed pension plan	64
Schedule of actuarial assumptions – nonuniformed pension plan	65
Schedule of revenues, expenditures and changes in fund balance – budget compared to actual – general fund	66
Note to required supplementary information – budget	67
Other supplementary information:	
Combining fund financial statements:	
Nonmajor governmental funds – combining balance sheet	68
Nonmajor governmental funds – combining statement of revenues, expenditures and changes in fund balances	69

Brown Plus
ACCOUNTANTS + ADVISORS

Independent Auditor's Report

Board of Supervisors
North Lebanon Township
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, 2025 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, 2025, 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 Matter

As discussed in Notes 9, 10 and 13 to the financial statements, the Township transferred the Police Pension Plan and other postemployment benefit obligations (OPEB) and related activities to the Lebanon County Regional Police Commission in January 2025. This significant change affects the presentation of the Township's Police Pension Plan and OPEB information for the year ended December 31, 2025. Our opinion is not modified with respect to this matter.

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 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.

Brown Plus

Camp Hill, Pennsylvania
June 25, 2026

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, 2025. 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, 2025 is $21,214,652. Of this amount, unrestricted net position of $8,155,465 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, 2025 is $22,788,698. Of this amount, unrestricted net position of $13,452,480 may be used to meet ongoing expenses of the business activities.

- During the year, the Township's General Fund revenues were $264,721 over the anticipated revenues of $5,177,610.

- During the year, the Township's General Fund expenses were $129,338 less than anticipated budgeted expenses of $4,764,711.

- As of the close of the current fiscal year, North Lebanon Township's governmental funds reported combined ending fund balances of $10,651,996, an increase of $430,929 over 2024.

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.

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.

FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements

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, 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.

- *Fiduciary funds* - The Township is the fiduciary for its employees' defined benefit pension plan. 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.

THE TOWNSHIP AS A WHOLE

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

Table 1
Net Position

	2025 Governmental activities	2025 Business-type activities	2025 Total primary government	2024 Total primary government
Current assets	$ 10,959,400	$ 13,974,915	$ 24,934,315	$ 22,635,154
Noncurrent assets	11,461,516	9,512,903	20,974,419	18,847,813
Total assets	22,420,916	23,487,818	45,908,734	41,482,967
Deferred outflows of resources	39,190	-	39,190	1,021,906
Total assets and deferred outflows of resources	$ 22,460,106	$ 23,487,818	$ 45,947,924	$ 42,504,873
Current liabilities	$ 182,171	$ 551,965	$ 734,136	$ 1,000,859
Long-term liabilities	226,500	147,155	373,655	1,104,695
Total liabilities	408,671	699,120	1,107,791	2,105,554
Deferred inflows of resources	836,783	-	836,783	1,039,275
Net position:				
Net investment in capital assets	10,691,514	9,336,218	20,027,732	18,630,318
Restricted	2,367,673	-	2,367,673	2,588,092
Unrestricted	8,155,465	13,452,480	21,607,945	18,141,634
Total net position	21,214,652	22,788,698	44,003,350	39,360,044
Total liabilities, deferred inflows of resources and net position	$ 22,460,106	$ 23,487,818	$ 45,947,924	$ 42,504,873

THE TOWNSHIP AS A WHOLE (CONTINUED)

The net position of the governmental activities is $21,214,652. Unrestricted net position – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is $8,155,465.

The net position of the business-type activities is $22,788,698. 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 $13,452,480.

Table 2
Changes in Net Position

	2025 Governmental activities	2025 Business-type activities	2025 Total primary government	2024 Total primary government
Revenues:				
Program revenues:				
Charges for services	$ 331,492	$ 4,754,809	$ 5,086,301	$ 6,939,209
Operating grants and contributions	685,505	31,388	716,893	796,638
Capital grants and contributions	1,173,966	-	1,173,966	963,294
General revenues:				
Taxes and assessments:				
Real estate	1,983,480	-	1,983,480	1,940,955
Real estate transfer	474,233	-	474,233	326,272
Earned income	1,788,343	-	1,788,343	1,804,526
Local services	268,609	-	268,609	212,166
Public utility tax	3,977	-	3,977	3,907
Cable TV franchise tax	156,110	-	156,110	176,246
Investment earnings	430,076	524,533	954,609	1,133,294
Rentals	149,084	-	149,084	73,348
Gain on sale of capital assets	171,115	75,000	246,115	15,666
Miscellaneous	96,474	96,796	193,270	279,693
Total revenues	7,712,464	5,482,526	13,194,990	14,665,214

THE TOWNSHIP AS A WHOLE (CONTINUED)

Table 2
Changes in Net Position (continued)

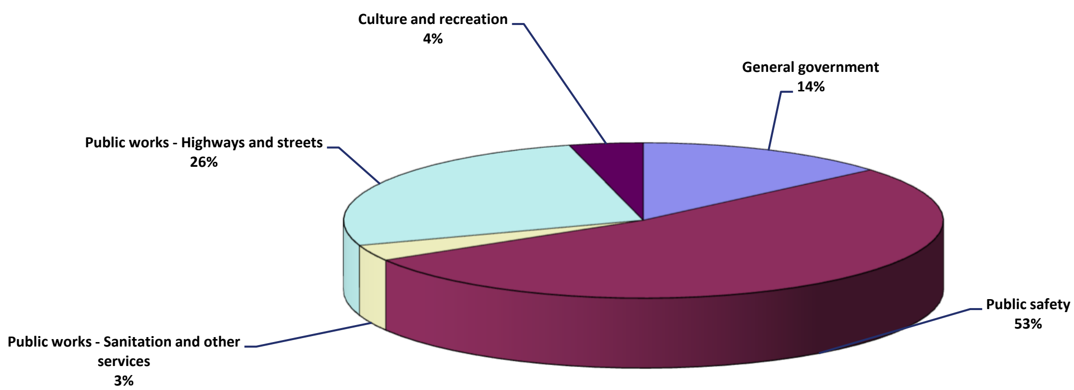
	2025 Governmental activities	2025 Business-type activities	2025 Total primary government	2024 Total primary government
Expenses:				
General government	$ 762,800	$ -	$ 762,800	$ 736,349
Public safety	2,926,901	-	2,926,901	2,853,026
Public works:				
Sanitation and other services	184,730	98,652	283,382	250,895
Highways and streets	1,460,792	-	1,460,792	1,237,375
Culture and recreation	220,752	-	220,752	232,765
Municipal Authority	-	3,215,267	3,215,267	3,457,919
Total expenses	5,555,975	3,313,919	8,869,894	8,768,329
Special items:				
Transfer of assets and liabilities to Police Commission	870,259	-	870,259	(290,382)
Loss on extinguishment of debt	-	(552,049)	(552,049)	-
Special items	870,259	(552,049)	318,210	(290,382)
Changes in net position	3,026,748	1,616,558	4,643,306	5,606,503
Net position:				
Beginning	18,187,904	21,172,140	39,360,044	33,753,541
Ending	$ 21,214,652	$ 22,788,698	$ 44,003,350	$ 39,360,044

The total cost of the Township's governmental programs is $5,555,975.

THE TOWNSHIP AS A WHOLE (CONTINUED)

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

2025 EXPENSES BY DEPARTMENT



THE TOWNSHIP'S FUNDS

The Township's General Fund reported a decrease in the fund balance of $419,248 in 2025, providing for a balance going into the new year of $5,106,559. The decrease in the fund balance for the General Fund was due to several factors including lower-than-expected revenues from the cable franchise fee and the Township pension state aid. In addition, the Township was required to budget for the revenue from the police pension state aide contribution which accounted for approximately $164,000 which was subsequently turned over to the new Lebanon County Regional Police Commission (the Commission). The Township also transferred the funds from the DARE account to the Commission which were just over $108,000. Traffic improvement contributions of almost $50,000 were approved in the 2025 budget but we were then received at the end of 2024 after budget approval.

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, $497,033 and $128,976 from this fund in 2022, 2023, 2024 and 2025, respectively. The prior year remaining balance of $128,976 was committed by the deadline date of December 31, 2024 and fully spent by December 31, 2025.

The Liquid Fuels Fund saw a decrease in the fund balance of $25,485 for a balance of $885,557. The decrease in the Liquid Fuels Fund's fund balance was due to a busier than normal winter requiring several snow removing and salting events.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were 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, 2025. The Township amended budget by Resolution 16-2025 to approve a supplemental appropriation from the Capital Reserve Fund to the Special Projects Fund in the amount of $75,300.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Revenues

The Township's General Fund revenues were $264,721 over the projected budgetary amount of $5,177,610.

The increase in revenue was primarily due to higher than anticipated taxes, assessments, investment income and rent.

Expenses and transfers

The Township's General Fund expenditures were $129,338 under the projected budgetary amount of $4,764,711 (does not include other financing sources or uses). Actual expenditures were lower than budgeted primarily due to the formation of the Commission. The Township was required to budget the pension contribution expenses for the Commission to continue to receive financial assistance from the state. However, the state aid was transferred to the Commission and the Commission then made the contribution to their pension fund.

- 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 before going over budgeted line items for controllable expenditures.

CAPITAL ASSETS

As of December 31, 2025, the Township had $50,256,632 invested in a variety of capital assets, as reflected in the following schedule of cost before depreciation.

Business-type activities	$ 23,675,566
Land	1,174,182
Construction in progress	323,453
Buildings and improvements	5,266,687
Automotive equipment	1,777,482
Machinery and equipment	2,061,452
Bridges	1,029,736
Roads	14,948,074
Total	$ 50,256,632

See Notes 1, 5 and 6 for additional information.

DEBT ADMINISTRATION

Outstanding debt, at year end	
PENNVEST loan	$ 176,685

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.

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 B Note was amended on December 15, 2020, to obtain better interest rates, while also changing the payments to be remitted monthly. The Series B Note was paid off during the year ended December 31, 2025.

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 became 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.

On January 1, 2025, the Commission leased space for their headquarters from North Lebanon Township and leased space for a substation from North Cornwall Township. The lease terms were mutually agreed to by the Commission and the Townships.

During the year ended December 31, 2025, the Township paid $2,216,754 to the Commission for police services.

The North Lebanon Township Police Pension plan and OPEB Plan merged 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 majority of the Police Pension Plan's assets were transferred to the Commission in December 2024 and the remaining assets were transferred in January 2025. The Police Pension Plan's fiduciary net position and OPEB liability were transferred to the Commission in January 2025. See Notes 9 and 10 for additional information.

During the year ended December 31, 2025, the Township transferred several assets and liabilities to the Commission. See Note 13 for additional information.

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 2026, the tax rate remained the same at 2.01 mils. This rate has not increased since 2017.

The 2026 Township budget reflects no decreases in services.

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 2025. 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 include office paper, magazines, newspapers 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 backhoes and loaders, this individual performs general maintenance on all vehicles to keep them in the best condition possible. The Township has an agreement with the Regional Police Department to continue to use the Township's mechanic for routine maintenance. 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. The Township uses the Police Department's Facebook page when necessary to get the word out quickly on an issue. We also have an LED 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 Park including new playground equipment and a shoreline restoration project to reduce the sediment load which occurred in 2025. At our 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 a pavilion, walking paths, playground area, tennis, pickle ball and basketball courts and athletic fields.

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 by 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 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. 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 2025, 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 a defined benefit pension plan. As of the latest Actuarial Valuation Report dated January 1, 2025, the Non-Uniformed Employee Pension Plan is 108.5% 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, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary government		
	Governmental activities	Business-type activities	Total
Current assets:			
Cash, cash equivalents and equity in pooled cash and investments	$ 9,529,632	$ 13,002,692	$ 22,532,324
Cash, escrow	125,778	92,748	218,526
Certificate of deposit, escrow	-	13,714	13,714
Taxes receivable	522,975	-	522,975
Accounts and interest receivable	377,814	865,511	1,243,325
Current portion of lease receivable	75,010	-	75,010
Inventory	30,764	-	30,764
Internal balances	17,865	(17,865)	-
Prepaid expenses	279,562	250	279,812
Total current assets	**10,959,400**	**13,957,050**	**24,916,450**
Noncurrent assets:			
Net pension asset	432,196	-	432,196
Capital assets, net	10,691,514	9,512,903	20,204,417
Lease receivable, net of current portion	337,806	-	337,806
Total noncurrent assets	**11,461,516**	**9,512,903**	**20,974,419**
Total assets	**22,420,916**	**23,469,953**	**45,890,869**
Deferred outflows of resources, related to pensions	**39,190**	**-**	**39,190**
Total assets and deferred outflows of resources	**$ 22,460,106**	**$ 23,469,953**	**$ 45,930,059**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION
DECEMBER 31, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary government		
	Governmental activities	Business-type activities	Total
Current liabilities:			
Accounts payable and accrued expenses	$ 55,393	$ 398,108	$ 453,501
Escrow payable	125,778	106,462	232,240
Unearned revenue	1,000	-	1,000
Current portion of PENNVEST loan	-	29,530	29,530
Total current liabilities	**182,171**	**534,100**	**716,271**
Long-term liabilities:			
Compensated absences	226,500	-	226,500
PENNVEST loan, net of current portion	-	147,155	147,155
Total long-term liabilities	**226,500**	**147,155**	**373,655**
Total liabilities	**408,671**	**681,255**	**1,089,926**
Deferred inflows of resources:			
Related to:			
Leases	384,230	-	384,230
Pensions	452,553	-	452,553
Total deferred inflows of resources	**836,783**	**-**	**836,783**
Net position:			
Net investment in capital assets	10,691,514	9,336,218	20,027,732
Restricted for:			
Liquid fuels	885,557	-	885,557
Parks and recreation	680,038	-	680,038
Street light	190,229	-	190,229
Special projects	587,954	-	587,954
Traffic signal, Route 422	23,895	-	23,895
Unrestricted	8,155,465	13,452,480	21,607,945
Total net position	**21,214,652**	**22,788,698**	**44,003,350**
Total liabilities, deferred inflows of resources and net position	**$ 22,460,106**	**$ 23,469,953**	**$ 45,930,059**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expenses) revenue and changes in net position — Primary government: Governmental activities	Net (expenses) revenue and changes in net position — Primary government: Business-type activities	Net (expenses) revenue and changes in net position — Primary government: Total
Primary government:							
Governmental activities:							
General government	$ 762,800	$ 1,595	$ 33,328	$ -	$ (727,877)	$ -	$ (727,877)
Public safety	2,926,901	47,848	189,078	-	(2,689,975)	-	(2,689,975)
Public works:							
Sanitation and other services	184,730	209,634	-	208,923	233,827	-	233,827
Highways and streets	1,460,792	1,915	463,099	426,963	(568,815)	-	(568,815)
Culture and recreation	220,752	70,500	-	538,080	387,828	-	387,828
Total governmental activities	**5,555,975**	**331,492**	**685,505**	**1,173,966**	**(3,365,012)**	**-**	**(3,365,012)**
Business-type activities:							
North Lebanon Township Municipal Authority	3,215,267	4,304,684	31,388	-	-	1,120,805	1,120,805
Stormwater fund	98,652	450,125	-	-	-	351,473	351,473
Total business-type activities	**3,313,919**	**4,754,809**	**31,388**	**-**	**-**	**1,472,278**	**1,472,278**
Total primary government	**$ 8,869,894**	**$ 5,086,301**	**$ 716,893**	**$ 1,173,966**	**(3,365,012)**	**1,472,278**	**(1,892,734)**

(continued)

NORTH LEBANON TOWNSHIP

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Net (expenses) revenue and changes in net position		
	Primary government		
Functions/programs	Governmental activities	Business-type activities	Total
Net revenue (expenses) for total primary government	$ (3,365,012)	$ 1,472,278	$ (1,892,734)
General revenues:			
Taxes and assessments:			
Real estate	1,983,480	-	1,983,480
Real estate transfer	474,233	-	474,233
Earned income	1,788,343	-	1,788,343
Local services	268,609	-	268,609
Public utility tax	3,977	-	3,977
Cable TV franchise tax	156,110	-	156,110
Investment earnings	430,076	524,533	954,609
Rentals	149,084	-	149,084
Gain on sale of capital assets	171,115	75,000	246,115
Miscellaneous	96,474	96,796	193,270
Total general revenues	**5,521,501**	**696,329**	**6,217,830**
Special items:			
Transfer of assets and liabilities to Police Commission	870,259	-	870,259
Loss on extinguishment of debt	-	(552,049)	(552,049)
Total special items	**870,259**	**(552,049)**	**318,210**
Changes in net position	**3,026,748**	**1,616,558**	**4,643,306**
Net position:			
Beginning	18,187,904	21,172,140	39,360,044
Ending	**$ 21,214,652**	**$ 22,788,698**	**$ 44,003,350**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major funds General fund	Major funds Capital improvements fund	Nonmajor other governmental funds	Total
ASSETS				
Assets:				
Cash, cash equivalents and equity in pooled cash and investments	$ 4,268,942	$ 2,197,440	$ 3,063,250	$ 9,529,632
Cash, escrow	125,778	-	-	125,778
Receivables:				
Taxes	522,153	-	822	522,975
Leases	412,816	-	-	412,816
Other	77,814	300,000	-	377,814
Prepaid expenses	279,562	-	-	279,562
Due from other funds	17,865	-	-	17,865
Total assets	**$ 5,704,930**	**$ 2,497,440**	**$ 3,064,072**	**$ 11,266,442**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 40,896	$ 14,497	$ -	$ 55,393
Escrow payable	125,778	-	-	125,778
Unearned revenue	-	-	1,000	1,000
Total liabilities	**166,674**	**14,497**	**1,000**	**182,171**
Deferred inflows of resources:				
Unavailable tax revenues	47,467	-	578	48,045
Leases	384,230	-	-	384,230
Total deferred inflows of resources	**431,697**	**-**	**578**	**432,275**
Fund balances:				
Nonspendable	279,562	-	-	279,562
Restricted:				
Liquid fuels fund	-	-	885,557	885,557
Parks and recreation fund	-	-	680,038	680,038
Street light fund	-	-	190,229	190,229
Special projects fund	-	-	587,954	587,954
Traffic signal, Route 422	23,895	-	-	23,895
Committed for fire protection	-	-	11,352	11,352
Assigned:				
Capital improvement fund	-	2,482,943	-	2,482,943
Capital reserve fund	-	-	707,364	707,364
Unassigned	4,803,102	-	-	4,803,102
Total fund balances	**5,106,559**	**2,482,943**	**3,062,494**	**10,651,996**
Total liabilities, deferred inflows of resources and fund balances	**$ 5,704,930**	**$ 2,497,440**	**$ 3,064,072**	**$ 11,266,442**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025

Total governmental fund balances	**$ 10,651,996**
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	10,691,514
Net pension asset	432,196
Inventory	30,764
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds, taxes revenues, including outstanding delinquent taxes	48,045
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	39,190
Deferred inflows of resources related to pensions	(452,553)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds, compensated absences	(226,500)
Net position of governmental activities	**$ 21,214,652**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Major funds		Nonmajor	
	General fund	Capital improvements fund	other governmental funds	Total
Revenues:				
Taxes and assessments	$ 4,439,541	$ -	$ 64,176	$ 4,503,717
Licenses, permits and fines	191,663	-	-	191,663
Intergovernmental revenues	265,126	836,068	762,254	1,863,448
Investment income and rents	365,830	67,255	146,075	579,160
Departmental earnings	14,289	-	50,618	64,907
Private sector contributions	1,025	-	66,000	67,025
Public safety	591	-	-	591
Refuse benefit fee	164,266	-	-	164,266
Total revenues	**5,442,331**	**903,323**	**1,089,123**	**7,434,777**
Expenditures:				
General government	685,375	2,018	202	687,595
Public safety	2,806,901	-	120,000	2,926,901
Public works:				
Sanitation	-	-	306,795	306,795
Highways and streets	884,514	323,453	1,013,450	2,221,417
Other services	92,239	-	-	92,239
Culture and recreation	166,344	853,176	59,962	1,079,482
Total expenditures	**4,635,373**	**1,178,647**	**1,500,409**	**7,314,429**
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	806,958	(275,324)	(411,286)	120,348
Other financing sources (uses):				
Interfund transfers:				
In	304	1,275,210	285,000	1,560,514
Out	(1,329,710)	-	(230,804)	(1,560,514)
Proceeds from sale of assets	2,746	90,144	122,067	214,957
Refund of prior year:				
Expenditures	172,132	-	-	172,132
Revenues	(71,678)	-	(4,830)	(76,508)
Total other financing sources (uses)	**(1,226,206)**	**1,365,354**	**171,433**	**310,581**
Net changes in fund balances	**(419,248)**	**1,090,030**	**(239,853)**	**430,929**
Fund balances:				
January 1, 2025	5,525,807	1,392,913	3,302,347	10,221,067
December 31, 2025	**$ 5,106,559**	**$ 2,482,943**	**$ 3,062,494**	**$ 10,651,996**

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, 2025

Net changes in fund balances, total governmental funds	**$ 430,929**
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	2,262,839
Depreciation expense	(519,807)
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.	11,061
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,948
The changes in the values of the net pension asset and liability and net other postemployment benefits liability are not reported in governmental funds:	
Net pension asset	286,311
Net other postemployment benefits liability	182,921
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	(387,967)
Deferred inflows related to pensions	295,770
Deferred outflows related to net other postemployment benefits	(12,906)
Deferred inflows related to net other postemployment benefits	11,063
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	455,586
Changes in net position of governmental activities	**$ 3,026,748**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Major funds		Nonmajor,	
	Sewer fund	Stormwater fund	water fund	Total
ASSETS				
Current assets:				
Cash, cash equivalents and equity in pooled cash and investments	$ 11,860,561	$ 964,230	$ 177,901	$ 13,002,692
Cash, escrow	92,748	-	-	92,748
Certificate of deposit, escrow	13,714	-	-	13,714
Accounts and interest receivable	822,578	42,933	-	865,511
Prepaid expenses	250	-	-	250
Total current assets	**12,789,851**	**1,007,163**	**177,901**	**13,974,915**
Capital assets:				
Property, plant and equipment	19,230,536	1,574,749	2,848,944	23,654,229
Construction in progress	21,337	-	-	21,337
Less accumulated depreciation	12,623,147	79,432	1,460,084	14,162,663
Total capital assets, net	**6,628,726**	**1,495,317**	**1,388,860**	**9,512,903**
Total assets	**$ 19,418,577**	**$ 2,502,480**	**$ 1,566,761**	**$ 23,487,818**
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and accrued expenses	$ 398,108	$ -	$ -	$ 398,108
Due to other funds	17,865	-	-	17,865
Escrow payable	106,462	-	-	106,462
Current portion of PENNVEST loan	29,530	-	-	29,530
Total current liabilities	**551,965**	-	-	**551,965**
PENNVEST loan, net of current portion	147,155	-	-	147,155
Total liabilities	**699,120**	-	-	**699,120**
Net position:				
Net investment in capital assets	6,452,041	1,495,317	1,388,860	9,336,218
Unrestricted	12,267,416	1,007,163	177,901	13,452,480
Total net position	**18,719,457**	**2,502,480**	**1,566,761**	**22,788,698**
Total liabilities and net position	**$ 19,418,577**	**$ 2,502,480**	**$ 1,566,761**	**$ 23,487,818**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Major funds		Nonmajor,	
	Sewer fund	Stormwater fund	water fund	Total
Operating revenues:				
Rentals and service charges	$ 3,201,424	$ 450,125	$ 114,754	$ 3,766,303
Ready to serve charges	781,806	-	206,700	988,506
Miscellaneous fees	96,796	-	-	96,796
Total operating revenues	**4,080,026**	**450,125**	**321,454**	**4,851,605**
Operating expenses:				
Sewage disposal and treatment	1,740,203	-	-	1,740,203
Administrative	756,697	36,035	13,853	806,585
Legal and engineering fees	-	23,248	-	23,248
Other operating expenses	405	-	-	405
Total operating expenses	**2,497,305**	**59,283**	**13,853**	**2,570,441**
Net operating income before depreciation and amortization	1,582,721	390,842	307,601	2,281,164
Less:				
Depreciation	506,229	39,369	71,223	616,821
Amortization	123,159	-	-	123,159
Net operating income	**953,333**	**351,473**	**236,378**	**1,541,184**
Nonoperating income (expenses):				
Grant revenues	31,388	-	-	31,388
Gain on sale of capital assets	75,000	-	-	75,000
Loss on extinguishment of debt	(552,049)	-	-	(552,049)
Interest:				
Earnings	483,574	34,631	6,328	524,533
Expense	(3,498)	-	-	(3,498)
Total nonoperating income (expenses)	**34,415**	**34,631**	**6,328**	**75,374**
Net income	**987,748**	**386,104**	**242,706**	**1,616,558**
Other financing sources (uses), transfers in (out)	253,696	-	(253,696)	-
Change in net position	**1,241,444**	**386,104**	**(10,990)**	**1,616,558**
Net position:				
January 1, 2025	17,478,013	2,116,376	1,577,751	21,172,140
December 31, 2025	**$ 18,719,457**	**$ 2,502,480**	**$ 1,566,761**	**$ 22,788,698**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Major funds		Nonmajor,	
	Sewer fund	Stormwater fund	water fund	Total
Cash flows from operating activities:				
Cash received from customers	$ 3,964,023	$ 444,128	$ 321,454	$ 4,729,605
Cash payments to:				
Suppliers for goods and services	(2,052,518)	(59,738)	(13,853)	(2,126,109)
Employees for salaries and benefits	(441,500)	-	-	(441,500)
Other operating:				
Revenues	96,796	-	-	96,796
Expenses	(405)	-	-	(405)
Net cash provided by operating activities	**1,566,396**	**384,390**	**307,601**	**2,258,387**
Cash flows from noncapital financing activities:				
Operating grants received	31,388	425,000	-	456,388
Transfers from (to) other funds, net	253,696	-	(253,696)	-
Net cash provided by (used in) noncapital financing activities	**285,084**	**425,000**	**(253,696)**	**456,388**
Cash flows from capital and related financing activities:				
Purchases of capital assets	(665,053)	-	-	(665,053)
Proceeds from sale of capital assets	75,000	-	-	75,000
Paid on notes and loan:				
Principal	(281,358)	-	-	(281,358)
Interest	(3,498)	-	-	(3,498)
Net cash used in capital and related financing activities	**(874,909)**	**-**	**-**	**(874,909)**
Cash flows from investing activities:				
Purchase of certificates of deposit	(13,714)	-	-	(13,714)
Redemption of certificates of deposit	13,714	-	-	13,714
Interest earnings	483,575	34,631	6,328	524,534
Net cash provided by investing activities	**483,575**	**34,631**	**6,328**	**524,534**

(continued)

NORTH LEBANON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Major funds		Nonmajor,	
	Sewer fund	Stormwater fund	water fund	Total
Net increase in cash, cash equivalents and equity in pooled cash and investments	**$ 1,460,146**	**$ 844,021**	**$ 60,233**	**$ 2,364,400**
Cash, cash equivalents and equity in pooled cash and investments:				
Beginning of year	10,400,415	120,209	117,668	10,638,292
End of year	**$ 11,860,561**	**$ 964,230**	**$ 177,901**	**$ 13,002,692**
Reconciliation of operating income to net cash provided by operating activities:				
Net operating income	**$ 953,333**	**$ 351,473**	**$ 236,378**	**$ 1,541,184**
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	506,229	39,369	71,223	616,821
Amortization	123,159	-	-	123,159
(Increase) in assets:				
Accounts and interest receivable	(19,207)	(5,997)	-	(25,204)
Prepaid expenses	(250)	-	-	(250)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	3,132	-	-	3,132
Due to other funds	-	(455)	-	(455)
Total adjustments	613,063	32,917	71,223	717,203
Net cash provided by operating activities	**$ 1,566,396**	**$ 384,390**	**$ 307,601**	**$ 2,258,387**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	Nonuniformed Pension Fund
Assets:	
Cash and cash equivalents	$ 337,906
Investments	5,166,815
Total assets	**$ 5,504,721**
Net position restricted for pensions	**$ 5,504,721**

See notes to financial statements.

NORTH LEBANON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Police Pension Fund	Nonuniformed Pension Fund	Total
Additions:			
Contributions, state aid and Township	$ -	$ 125,071	$ 125,071
Other cash receipts	286	-	286
Net investment income	-	665,575	665,575
Total additions	**286**	**790,646**	**790,932**
Deductions:			
Benefit payments	-	346,186	346,186
Administrative expenses	-	7,500	7,500
Other financing uses, transfer to Police Commission*	91,920	-	91,920
Total deductions	**91,920**	**353,686**	**445,606**
Net increase (decrease)	**(91,634)**	**436,960**	**345,326**
Net position restricted for pensions:			
Beginning of year	91,634	5,067,761	5,159,395
End of year	**$ -**	**$ 5,504,721**	**$ 5,504,721**

*The North Lebanon Township Police Pension Plan merged with North Cornwall Township Police Pension Plan on 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 and the remaining assets were transferred in January 2025. See Notes 9 and 13 for further explanation.

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.

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.

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.

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:

<u>Major funds</u>:

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.

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.

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.

American Rescue Plan Act of 2021 (ARPA) fund - A fund established by the Township's management to maintain the ARPA funds received by the Township. In accordance with the standard allowance section of the American Rescue Plan Act of 2021; the revenues received by the Township are to be utilized for provisions of governmental services, caused by the reduction in the growth of Township revenues subsequently resulting from the COVID-19 pandemic (see Note 16). The funds have been assigned by the Township's management for ongoing and future provisions of governmental services related to various capital projects.

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.

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

Basis of accounting:

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

The government-wide 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, 2025, no such costs have been recorded in the fund financial statements.

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

Basis of accounting:

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.

Change in major fund presentation:

For the year ended December 31, 2025, the Township's ARPA Fund did not meet the quantitative criteria for major fund reporting under the provisions of GASB Statement No. 34 and is reported as a nonmajor other governmental fund in the accompanying financial statements. In the prior year, this fund was reported in a separate column as a major fund. As a result of this change in presentation, the beginning fund balance of the ARPA Fund at January 1, 2025, in the amount of $101,757, is reported as a reclassification to the nonmajor other governmental funds column. Total fund balance for all governmental funds is unchanged. Consequently, the beginning fund balance reported in the nonmajor other governmental funds column at January 1, 2025, does not agree to the ending fund balance reported in that column at December 31, 2024.

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.

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

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.

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:

Description	Estimated lives
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 one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions are for changes in assumptions related to the pensions. All are presented on the Township's statement of net position.

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

Deferred outflows/inflows of resources:

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 three 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 and balance sheet – governmental funds also reported an inflow of resources related to its leases, which arises from future cash flows from the Township's communication tower and municipal building lease agreements. The other deferred inflows are for the following: (a) differences between expected and actual pension experience and (b) difference between projected and actual investment earnings on pension investments. 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 a note and 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.

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 a single-employer pension plan that covers 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.

Pension plan:

The government-wide financial statements report pension obligations as earned using actuarial calculations which allocate expected costs over employees' service periods. Fund financial statements report employer contributions to the pension plans 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.

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

Municipal Authority:

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

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

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

Change in accounting principles:

The following summarizes the GASB Statement implemented by the Township during the year ended December 31, 2025, and the relating effects on the financial statements presentation and disclosure, as applicable:

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective 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 Township adopted Statement No. 102 for its December 31, 2025 financial statements. The implementation of this Statement enhanced the Township's financial statement disclosures, with no effect on the Township's beginning balances and current year results.

Pending changes in accounting principles:

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.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the informational needs of financial statement users. The provisions of this Statement are effective for the Township's 2027 financial statements.

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

2. Property tax calendar:

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

3. Deposits and investments:

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

- United States treasury bills
- Obligations of the United States government and federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of mutual funds whose investments are restricted to the above categories
- Repurchase agreements collateralized by United States treasury bills or federal agency securities
- Commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Bankers' acceptances that do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- 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 statues 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. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township.

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.

3. Deposits and investments (continued):

Custodial credit risk, deposits and investments:

As of December 31, 2025, $447,846 of the Township and Authority's bank balance of $722,979 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	$ 447,846
Insured by Federal Deposit Insurance Corporation	275,133
Pennsylvania Local Government Investment Trust (PLGIT) AAAm rating:	
Class	678,270
Prime	21,532,830
Outstanding checks	(170,844)
Deposits in transit	370
Petty cash	959
Total cash, cash equivalents, equity in pooled cash and investments and certificate of deposit per the financial statements	$ 22,764,564

Reconciliation to the financial statements:	
Governmental funds:	
Cash, cash equivalents and equity in pooled cash and investments	$ 9,529,632
Cash, escrow	125,778
Proprietary funds:	
Cash, cash equivalents and equity in pooled cash and investments	13,002,692
Cash, escrow	92,748
Certificate of deposit, escrow	13,714
Total cash, cash equivalents, equity in pooled cash and investments and certificate of deposit per the financial statements	$ 22,764,564

3. Deposits and investments (continued):

Custodial credit risk, deposits and investments:

	Fair value
Pension cash and cash equivalents, Stifel, temporary investments and deposits	$ 337,906
Pension investments:	
Level 1:	
Charles Schwab, fixed income, mutual funds	89
Stifel:	
Equities:	
Stock	3,219,717
Preferred stock	19,718
Exchange-traded funds	15,900
Fixed income:	
Agency bonds	72,789
Municipal bonds	6,864
Mutual funds	103,887
Treasury bonds	841,673
Total pension investments at Level 1	4,280,637
Level 2, Stifel, fixed income, corporate bonds	886,178
Total pension investments	5,166,815
Total pension cash and cash equivalents and investments	$ 5,504,721
Reconciliation with statement of fiduciary net position, Nonuniform Pension Fund	$ 5,504,721

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

At December 31, 2025, the Township had no investment securities that were uninsured, not registered in the Township's name and held by the counterparty of its agent; accordingly, the Township had no investments exposed to custodial credit risk.

3. Deposits and investments (continued):

Certificate of deposit:

The Authority's certificate of deposit, stated at fair value, consisted of the following as of December 31, 2025:

Certificate of deposit	
First Citizens Community Bank, rate 4.00%, matures April 18, 2026	$ 13,714
Reconciliation to the financial statements, certificate of deposit, escrow	$ 13,714

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.

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.

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 $22,211,100 invested in PLGIT. PLGIT funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain constant net assets value of $1 per share. The Township and Authority are invested in the following PLGIT investment options:

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

- PLGIT Prime - A variable rate investment portfolio rated AAAm by Standard & Poor's. This option requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.

PLGIT 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, 2025, PLGIT investments carry AAAm ratings and have average maturities of less than one year.

3. Deposits and investments (continued):

Credit risk:

According to the Township's 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.

The Township's and Authority's fixed income mutual funds and exchange-traded funds (including those held in the pension plan) invest in diversified portfolios of fixed-income securities; the funds themselves are not rated by a nationally recognized statistical rating organization and are, therefore, presented as unrated.

At December 31, 2025, the Township's investments in fixed income securities, excluding fixed income mutual funds and exchange-traded funds, were as follows:

	Rating	Fair value
Pension investments:		
Stifel, fixed income:		
Treasury bonds	AA	$ 841,673
Agency bonds	Unrated	72,789
Municipal bonds	A	6,864
Corporate bonds	AAA	14,120
Corporate bonds	AA	5,695
Corporate bonds	A	213,377
Corporate bonds	BBB	419,923
Corporate bonds	BB	199,548
Corporate bonds	B	33,515
Total pension investments		$ 1,807,504

Concentration of credit risk:

The Township places no limit on the amount the Township may invest in any one issuer. At December 31, 2025, the majority of the Township's pension investments are held in equities and mutual funds and, therefore, are not exposed to concentration of credit risk. Of the investments not held in equities and mutual funds, 47% of the pension investments are held in United States Treasury Notes and Bonds. At December 31, 2025, no investments in any single issuer, other than U.S. treasury explicitly guaranteed by the U.S. government, represented 5% or more of total investments or of net position of the individual pension plan.

Interest rate risk:

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

3. Deposits and investments (continued):

Interest rate risk:

The Township discloses interest rate risk using a segmented time distribution (maturity band) approach by investment type. The Township does not hold variable-rate securities or other investments whose fair values are highly sensitive to changes in interest rates beyond the effects of normal market-wide rate changes. 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:

		Maturities		
	Fair value	1 to 5 years	6 to 10 years	Greater then 10 years
Pension investments:				
Stifel, fixed income:				
Treasury bonds	$ 841,673	$ 563,754	$ 240,052	$ 37,867
Agency bonds	72,789	-	-	72,789
Municipal bonds	6,864	-	-	6,864
Corporate bonds	886,178	444,491	380,316	61,371
Total pension investments	$ 1,807,504	$ 1,008,245	$ 620,368	$ 178,891

Foreign currency risk:

At December 31, 2025, the Township held no deposits or investments denominated in foreign currencies; accordingly, the Township is not exposed to foreign currency risk.

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, 2025. 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 communication tower lease for the year ended December 31, 2025 were $40,002, all of which were recognized in the General Fund.

4. Leases receivable (continued):

The Township leases a portion of its municipal building to the Lebanon County Regional Police Commission for law enforcement operations. The lease commenced on January 1, 2025 and provides for an initial term of one year. Following the initial term, the lease may be renewed for successive additional two-year terms unless either party provides written notice of termination at least one year prior to the end of the then-current term. Except for specified events such as default, casualty, or eminent domain, the lease is noncancelable during the stated lease term. The initial two-year renewal option has been included in the lease receivable as of December 31, 2025. Lease payments are fixed at $63,240 annually and are payable in equal monthly installments. The lease does not provide for variable lease payments; accordingly, there were no variable lease payment inflows recognized by the Township during the reporting period. 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 municipal building lease for the year ended December 31, 2025 were $64,487, all of which were recognized in the General Fund.

The following is the schedule of the future minimum lease payments under the lease agreements as of December 31, 2025:

Year ending December 31	
2026	$ 82,592
2027	83,173
2028	20,531
2029	21,147
2030	21,781
2031 - 2035	119,109
2036 - 2040	113,686
Total	462,019
Present value discount	(49,203)
Lease receivable	$ 412,816

5. Capital assets:

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

	Balance January 1, 2025	Additions	Deletions	Reclassifications	Balance December 31, 2025
Capital assets not being depreciated:					
Land	$ 1,174,182	$ -	$ -	$ -	$ 1,174,182
Construction in progress	262,810	461,627	-	(400,984)	323,453
Total capital assets not being depreciated	1,436,992	461,627	-	(400,984)	1,497,635
Capital assets being depreciated:					
Buildings and improvements	4,441,153	825,534	-	-	5,266,687
Automotive equipment	1,013,610	362,888	-	400,984	1,777,482
Machinery and equipment	1,876,939	307,737	(123,224)	-	2,061,452
Bridges	1,029,736	-	-	-	1,029,736
Roads	14,599,179	348,895	-	-	14,948,074
Total capital assets being depreciated	22,960,617	1,845,054	(123,224)	400,984	25,083,431
Less accumulated depreciation:					
Buildings and improvements	2,402,117	104,087	-	-	2,506,204
Automotive equipment	788,421	108,918	-	-	897,339
Machinery and equipment	1,570,647	109,998	(79,382)	-	1,601,263
Bridges	1,029,736	-	-	-	1,029,736
Roads	9,658,206	196,804	-	-	9,855,010
Total accumulated depreciation	15,449,127	519,807	(79,382)	-	15,889,552
Total capital assets being depreciated, net	7,511,490	1,325,247	(43,842)	400,984	9,193,879
Governmental activities, capital assets, net	$ 8,948,482	$ 1,786,874	$ (43,842)	$ -	$ 10,691,514

5. Capital assets (continued):

Depreciation expense was charged to the governmental functions as follows:

General government	$ 68,744
Public works:	
Sanitation and other services	47,309
Highways and streets	362,605
Culture and recreation	41,149
Total depreciation expense	$ 519,807

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, 2025	Additions	Deletions	Balance December 31, 2025
Capital assets not being depreciated, construction in progress	$ -	$ 21,337	$ -	$ 21,337
Capital assets being depreciated:				
Systems:				
Water	2,848,944	-	-	2,848,944
Sewer	17,945,193	73,730	-	18,018,923
Equipment	849,710	569,986	208,083	1,211,613
Stormwater infrastructure	1,574,749	-	-	1,574,749
Total capital assets being depreciated	23,218,596	643,716	208,083	23,654,229
Less accumulated depreciation:				
Systems:				
Water	1,388,861	71,223	-	1,460,084
Sewer	11,706,577	441,530	-	12,148,107
Equipment	618,424	64,699	208,083	475,040
Stormwater infrastructure	40,063	39,369	-	79,432
Total accumulated depreciation	13,753,925	616,821	208,083	14,162,663
Total capital assets being depreciated, net	9,464,671	26,895	-	9,491,566
Business-type activities, capital assets, net	$ 9,464,671	$ 48,232	$ -	$ 9,512,903

7. Interfund due to/from and transfers:

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

	Due from	Due to
General Fund	$ 17,865	$ -
Sewer fund (Authority)	-	17,865
	$ 17,865	$ 17,865

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
General Fund	$ 304	$ 1,329,710
Sewer fund (Authority)	253,696	-
Water fund (Authority)	-	253,696
Nonmajor funds:		
ARPA fund	-	304
Capital improvements fund	1,275,210	-
Capital reserve fund	165,000	-
Fire protection fund	120,000	-
Parks and recreation fund	-	230,500
	$ 1,814,210	$ 1,814,210

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.

8. Long-term debt:

PENNVEST loan:

During 2013, the Authority withdrew loan proceeds of $486,958 from PENNVEST to finance the construction of the Rockwood sewer project. In 2015, the Authority received additional loan proceeds from PENNVEST of $79,268. The loan required interest only payments through February 2014. Starting March 1, 2014, the Authority made monthly interest and principal payments of $2,597 at an interest rate of 1.0%. The loan payments continue through October 1, 2031.

8. Long-term debt (continued):

PENNVEST loan:

Loan payments to maturity are scheduled as follows at December 31, 2025:

Year ending December 31	Principal	Interest	Debt service
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	30,734	427	31,161
2031	26,040	121	26,161
Total	$ 176,685	$ 5,281	$ 181,966

The following is a summary of changes in the Authority's PENNVEST loan for the year ended December 31, 2025:

	Balance January 1, 2025	Additions	Payments	Balance December 31, 2025	Due within one year
PENNVEST loan	$ 205,921	$ -	$ 29,236	$ 176,685	$ 29,530

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.

The Guaranteed Sewer Revenue Note of 2015B was paid off during the year ended December 31, 2025.

8. 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, 2025:

	Balance January 1, 2025	Additions	Payments	Balance December 31, 2025	Due within one year
Series of 2015B Note	$ 252,122	$ -	$ 252,122	$ -	$ -

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.

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.

The loss on refunding was eliminated during the year ended December 31, 2025 since the Guaranteed Water Revenue Note of 2015B that was issued to refund the remaining portion of the Series B of 2009 Guaranteed Water Revenue Bonds was paid off. The Authority recognized a loss on extinguishment of debt of $552,049 on the statement of revenues, expenses and changes in net position – proprietary funds for the remaining unamortized loss on refunding.

9. Defined benefit pension plan:

Police Pension Plan merger:

The North Lebanon Township Police Pension Plan merged with North Cornwall Township Police Pension Plan on 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 and the remaining assets were transferred in January 2025. The Police Pension Plan's total pension liability of $6,363,407, fiduciary net position of $6,475,892 and net pension asset of $112,485 was transferred to the Commission in January 2025.

9. Defined benefit pension plan (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, 2025 was as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)
Balances at January 1, 2025	$ 6,363,407	$ 6,475,892	$ (112,485)
Transfer to Police Commission	(6,363,407)	(6,475,892)	112,485
Net changes	(6,363,407)	(6,475,892)	112,485
Balances at December 31, 2025	$ -	$ -	$ -

Plan description:

North Lebanon Township nonuniformed employees are covered under a defined benefit pension plan administered by the Township as a single-employer public employee retirement system (PERS). The plan is controlled by the provisions of Township ordinances adopted pursuant to Act 600 as enacted by the Pennsylvania legislature in 1988. The Township has delegated the authority to manage plan assets to Stifel as trustee 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 and death benefits to plan members and their beneficiaries.

The plan is 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, 2025, participation in the plan is as follows:

Membership:	
Active employees	14
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not year receiving benefits	1
Total	30

9. Defined benefit pension plan (continued):

Funding policy:

Plan members are currently not required to contribute to the plan. These member requirements are reviewed and approved annually by the Township. The Township is required to fund the plan 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 plan was provided as follows for December 31, 2025:

Description	
Annual covered payroll	$ 967,636
Employee contribution rate	Not required
Employee contributions paid in 2025	$ -
State aid and Township contributions paid in 2025	$ 125,071
Total contributions made as a percentage of payroll	12.93%

9. Defined benefit pension plan (continued):

Summary of plan provisions:

a. Covered employees	All full-time nonuniformed employees
b. Eligibility for benefits	After age 62 and completion of 12 years of service.
c. Monthly pension benefit	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 compensation is based upon the last 36 months of employment.
d. Vesting	Upon completion of 12 years of service.
e. Early retirement	A member is eligible for early retirement after attainment of age 55 and completion of 12 years of vesting service.
f. Death benefits	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.

9. Defined benefit pension plan (continued):

Net pension (asset) liability:

The net pension (asset) liability was measured as of December 31, 2025, and the total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2025. 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, 2025 were as follows:

	Nonuniformed Pension Plan
Total pension liability	$ 5,072,525
Plan fiduciary net position	5,504,721
Net pension asset	$ (432,196)
Plan fiduciary net position as a percentage of the total pension liability	108.52%

Actuarial assumptions:

The total pension liability in the January 1, 2025 actuarial valuations were determined using the following economic assumptions, applied to all periods included in the measurement.

	Nonuniformed Pension Plan
Inflation	3.00%
Salary increases	4.50% (average, including inflation)
Investment rate of return	7.50% (including inflation)
Postretirement cost of living increase	0.00%
Mortality	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.

9. Defined benefit pension plan (continued):

Actuarial assumptions:

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate:

The discount rate used to measure the total pension liability was 7.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

9. Defined benefit pension plan (continued):

Changes in the net pension (asset) liability:

The changes in the net pension (asset) liability for the Township for the year ended December 31, 2025 was as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension asset (a) - (b)
Balances at January 1, 2025	$ 5,034,361	$ 5,067,761	$ (33,400)
Service cost	98,897	-	98,897
Interest cost	365,973	-	365,973
Changes for experience	(80,520)	-	(80,520)
Contributions, employer	-	125,071	(125,071)
Net investment income	-	665,575	(665,575)
Benefit payments, including refund of member contributions	(346,186)	(346,186)	-
Administrative expense	-	(7,500)	7,500
Net changes	38,164	436,960	(398,796)
Balances at December 31, 2025	$ 5,072,525	$ 5,504,721	$ (432,196)

Sensitivity of the 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	$ 83,519	$ (432,196)	$ (873,654)

9. Defined benefit pension plan (continued):

Pension expense:

The pension expense for the Township for the year ended December 31, 2025 was as follows:

Service cost	$ 98,897
Interest on the total pension liability	365,973
Differences between expected and actual experience [1]	(49,982)
Changes of assumptions [1]	19,593
Projected earnings on pension plan investments	(371,509)
Difference between projected and actual earnings on investments [2]	47,195
Pension plan administrative expense	7,500
Total pension expense	$ 117,667

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

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

Deferred outflows and inflows of resources:

At December 31, 2025, 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	$ -	$ 252,805	$ (252,805)
Change of assumptions	39,190	-	39,190
Difference between projected and actual investment earnings	-	199,748	(199,748)
Total	$ 39,190	$ 452,553	$ (413,363)

9. Defined benefit pension plan (continued):

Deferred outflows and inflows of resources:

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

Plan year ending December 31	
2026	$ 54,370
2027	(169,527)
2028	(121,700)
2029	(92,080)
2030	(33,267)
Thereafter	(51,159)
Total	$ (413,363)

Investment policy and objective:

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the pension board. The investment policy of the plan 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.

Stifel will be expected to manage a portion of the total portfolios of the pension plan in accordance with these target allocations. The plan's investment policy establishes the following asset classes with the following target asset allocation:

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

The investment policy remains in effect until revoked or changed by the respective pension boards. There were no significant changes in policy for 2025.

The pension plan's annual dollar-weighted rate of investment return was approximately 13.01%.

10. Other postemployment medical benefits:

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

Police OPEB plan merger:

The North Lebanon Township Police OPEB Plan merged with North Cornwall Township Police OPEB Plan on 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 of $182,921 was transferred to the Commission in January 2025.

Changes in OPEB liability:

The changes in the OPEB liability for the Township for the year ended December 31, 2025 were as follows:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	OPEB liability
Balances at January 1, 2025	$ 182,921	$ -	$ 182,921
Transfer to Police Commission	(182,921)	-	(182,921)
Balances at December 31, 2025	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total OPEB liability			0.00%

11. Deferred annuities and compensation plans:

The Township sponsors a deferred compensation plan authorized under Internal Revenue Code Section 457 which is available to its full-time employees. Participation in the plan is voluntary, and it is funded only by employee contributions. The value of the plan's assets as of December 31, 2025 was $187,348.

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.

12. Compensated absences:

The Township allows employees to accumulate sick leave up to a maximum of 180 days. Employees accumulate vested unused vacation time up to a maximum of 10 days. Upon termination of employment, vacation is paid out at stated maximums. At December 31, 2025, the liability for compensated absences is as follows:

	Beginning balance	Additions	Reductions	Ending balance
Governmental activities, compensated absences	$ 682,086	$ -	$ (455,586)	$ 226,500

The General Fund is expected to liquidate the compensated absences.

13. Related party:

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 became 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.

On January 1, 2025, the Commission leased space for their headquarters from North Lebanon Township and leased space for a substation from North Cornwall Township. The lease terms were mutually agreed to by the commission and the Townships. Lease revenues generated by the Township for the North Lebanon Township municipal building lease for the year ended December 31, 2025 were $64,487, all of which were recognized in the General Fund.

During the year ended December 31, 2025, the Township transferred several assets and liabilities to the Commission. On the statement of activities, the governmental activities recognized a special item related to the transfer of the police compensated absences liability of $502,469; police net pension asset of $112,485; deferred outflows of resources related to the police pension of $226,859; deferred inflows of resources related to the police pension of $526,056; police other postemployment benefits (OPEB) liability of $182,921; deferred outflows of resources related to the police OPEB of $12,906 and deferred inflows of resources related to the police OPEB of $11,063. On the statement of changes in fiduciary net position, the Township recognized the transfer of police pension investments of $91,920 to the Commission.

During the year ended December 31, 2025, the Township paid $2,216,754 to the Commission for police services.

14. 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, 2025, the financial impact to the Township regarding these matters cannot be determined.

Long-term debt:

The Township had guaranteed the 2015B Guaranteed Water Revenue Note issued by the Authority as set forth in guaranty agreements between the Township, Authority and ACNB Bank dated November 5, 2015. The 2015B Guaranteed Sewer Revenue Note was paid off during the year ended December 31, 2025.

15. Constraints:

Constraints on raising revenue and spending:

The Township and Authority are subject to certain legal and formal constraints that limit their ability to raise revenue and to incur expenditures. These constraints are imposed by statutes of the Commonwealth of Pennsylvania and by formal actions of the Township’s highest level of decision-making authority.

<u>Revenue-raising constraints:</u>

Under applicable Pennsylvania statutes and local ordinances, the Township’s authority to increase certain taxes, including real estate taxes and Act 511 taxes, is subject to millage limits, rate caps and, in some cases, requirements for voter or state approval. These provisions limit the Township’s ability to increase tax revenues in response to adverse economic or other conditions and, therefore, represent a limitation on raising revenue.

<u>Spending and budgetary constraints:</u>

The Township operates under a legally adopted budget, and expenditures are limited by state law and by formal action of the governing body to the amounts appropriated in the annual budget, as amended. Additionally, money of the Authority may not be used for any grant, loan or other expenditure for any purpose other than a service or project directly related to the mission or purpose of the Authority as set forth in the articles of incorporation or in the resolution or ordinance establishing the Authority under Section 5603. These requirements, along with mandates that certain expenditures (such as debt service and specific programmatic spending) be funded before other discretionary activities, represent limitations on spending and mandated spending that reduce the Township’s and Authority’s flexibility to adjust expenditures in response to changing conditions.

16. American Rescue Plan:

On March 11, 2021, the American Rescue Plan Act of 2021 (American Rescue Plan), a $1.9 trillion coronavirus (COVID-19) relief package, was signed into law. The American Rescue Plan provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The American Rescue Plan provides $130 billion in emergency funding for local governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery. The Township was allocated $1,279,532 in funding from the American Rescue Plan. The Township had 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. The remaining funds of $128,976 were committed for the purchase of equipment as of December 31, 2024 and were fully spent as of December 31, 2025.

17. Subsequent events:

The Township has evaluated subsequent events through June 25, 2026, the date which the financial statements were available to be issued.

Subsequent to December 31, 2025, the Commonwealth Financing Authority approved a grant application for the benefit of the Township on January 20, 2026, and issued an award letter dated February 6, 2026. The grant agreement was executed subsequent to year end and provides funding of up to $246,367 from the Commonwealth of Pennsylvania, acting through the Commonwealth Financing Authority, to the Township for the Wastewater Force Main Replacement Project, including construction, engineering and administrative costs.

The grant is payable on a reimbursement basis for eligible project costs incurred during the period from January 20, 2026 through June 30, 2029. The grant is limited to 85% of total project cost. Receipt of grant funds is subject to availability of funds and the Township's compliance with applicable grant agreement requirements, including eligible cost, procurement, documentation, reporting and other administrative requirements.

The grant is a nonrecognized subsequent event because the approval and execution occurred after December 31, 2025. Accordingly, no grant receivable or revenue has been recognized in the financial statements as of December 31, 2025.

On January 5, 2026, the Township enacted Ordinance No. 1-2026, which took effect immediately upon adoption and amends the Township's 457(b) deferred compensation plan to authorize Roth contributions and related SECURE 2.0 compliance provisions (including certain Roth catch-up and Roth elective deferral contribution provisions effective beginning in 2026).

On June 15, 2026, the Township adopted Resolution No. 15-2026 appointing the Pension Board Committee consisting of the Chairman of the Board of Supervisors, Township Manager, Assistant Manager or Administrative Assistant and Public Works Director to work with the Township Supervisors, the Pension Investment Advisor and the Pension Custodian.

Both of these events occurred after December 31, 2025 and are considered nonrecognized subsequent events. Accordingly, no adjustments have been made to the accompanying financial statements for the year ended December 31, 2025.

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, 2025
(See independent auditor's report)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 98,897	$ 69,169	$ 66,190	$ 89,637	$ 85,777	$ 86,548	$ 82,821	$ 87,656	$ 83,881	$ 82,419
Interest cost	365,973	362,085	349,767	348,033	325,548	302,962	279,660	254,503	232,549	221,152
Changes for experience	(80,520)	-	(218,884)	-	(15,043)	-	(133,507)	-	(261,023)	-
Changes of assumptions	-	-	-	-	-	-	176,341	-	124,848	-
Benefit payments, including refunds of member contributions	(346,186)	(311,049)	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)
Net change in total pension liability	**38,164**	**120,205**	**(1,265)**	**291,563**	**311,612**	**329,089**	**354,709**	**303,296**	**164,157**	**285,873**
Total pension liability:										
Beginning of year	5,034,361	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
End of year (a)	**$ 5,072,525**	**$ 5,034,361**	**$ 4,914,156**	**$ 4,915,421**	**$ 4,623,858**	**$ 4,312,246**	**$ 3,983,157**	**$ 3,628,448**	**$ 3,325,152**	**$ 3,160,995**
Plan fiduciary net position:										
Contributions, employer	$ 125,071	$ 94,373	$ 82,339	$ 112,613	$ 193,540	$ 135,466	$ 131,307	$ 123,682	$ 128,622	$ 132,808
Net investment income (loss)	665,575	490,565	583,942	(737,428)	527,869	533,154	572,629	(224,991)	365,888	231,096
Benefit payments, including refunds of member contributions	(346,186)	(311,049)	(198,338)	(146,107)	(84,670)	(60,421)	(50,606)	(38,863)	(16,098)	(17,698)
Administrative expense	(7,500)	(12,100)	-	(4,100)	(6,500)	(3,000)	(6,000)	(5,600)	(6,000)	(3,300)
Net change in plan fiduciary net position	**436,960**	**261,789**	**467,943**	**(775,022)**	**630,239**	**605,199**	**647,330**	**(145,772)**	**472,412**	**342,906**
Total fiduciary net position:										
Beginning of year	5,067,761	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
End of year (b)	**$ 5,504,721**	**$ 5,067,761**	**$ 4,805,972**	**$ 4,338,029**	**$ 5,113,051**	**$ 4,482,812**	**$ 3,877,613**	**$ 3,230,283**	**$ 3,376,055**	**$ 2,903,643**
Net pension (asset) liability, end of year (a) - (b)	**$ (432,196)**	**$ (33,400)**	**$ 108,184**	**$ 577,392**	**$ (489,193)**	**$ (170,566)**	**$ 105,544**	**$ 398,165**	**$ (50,903)**	**$ 257,352**
Plan fiduciary net position as a percentage of total pension (asset) liability	108.52%	100.66%	97.80%	88.25%	110.58%	103.96%	97.35%	89.03%	101.53%	91.86%
Covered payroll	$ 967,636	$ 829,454	$ 755,249	$ 839,034	$ 894,820	$ 866,731	$ 792,233	$ 747,653	$ 733,121	$ 762,182
Net pension (asset) liability as a percentage of covered payroll	(44.67)%	(4.03)%	14.32%	68.82%	(54.67)%	(19.68)%	13.32%	53.26%	(6.94)%	33.77%

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS –
LAST TEN CALENDAR YEARS
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual dollar-weighted rate of return:										
Nonuniformed Pension Plan	13.01%	14.00%	13.69%	(14.35)%	12.21%	14.21%	18.20%	(6.59)%	13.11%	9.50%

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS – NONUNIFORMED PENSION PLAN
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report)

	Nonuniformed Pension Plan				
Year	Actuarially determined contribution	Contributions from the employer	Contribution deficiency (excess)	Covered payroll	Employer contributions as a percentage of covered payroll
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
2025	125,070	125,071	(1)	967,636	12.93

NORTH LEBANON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF ACTUARIAL ASSUMPTIONS – NONUNIFORMED PENSION PLAN
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report)

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

	Nonuniformed Pension Plan
Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	14 years
Asset valuation method	Market value as determined by the trustee
Actuarial assumptions:	
Inflation	3.00%
Investment rate of return	7.50%
Salary increases	4.50% increase each year until retirement
Retirement age	Normal retirement age
Mortality	PubG-2010 mortality table including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.
Changes in benefit terms:	None since January 1, 2023

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.

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, 2025
(See independent auditor's report)

	General Fund			
	Original budget	Final budget	Actual	Variance over (under)
Revenues:				
Taxes and assessments	$ 4,237,331	$ 4,237,331	$ 4,439,541	$ 202,210
Licenses, permits and fines	211,675	211,675	191,663	(20,012)
Intergovernmental revenues	338,976	338,976	265,126	(73,850)
Investment income and rent	146,658	146,658	365,830	219,172
Department earnings	77,820	77,820	14,289	(63,531)
Private sector contributions	-	-	1,025	1,025
Public safety	150	150	591	441
Refuse benefit fee	165,000	165,000	164,266	(734)
Total revenues	**5,177,610**	**5,177,610**	**5,442,331**	**264,721**
Expenditures:				
General government	717,313	717,313	685,375	(31,938)
Public safety	2,876,086	2,876,086	2,806,901	(69,185)
Public works:				
Highways and streets	899,173	899,173	884,514	(14,659)
Other services	91,471	91,471	92,239	768
Culture and recreation	180,539	180,668	166,344	(14,324)
Total expenditures	**4,764,582**	**4,764,711**	**4,635,373**	**(129,338)**
Excess of revenues over expenditures before other financing sources (uses)	413,028	412,899	806,958	394,059
Other financing sources (uses):				
Interfund transfers, net	(1,313,613)	(1,313,613)	(1,329,406)	(15,793)
Proceeds from sale of assets	3,500	3,500	2,746	(754)
Refund of prior year:				
Expenditures	100,000	100,000	172,132	72,132
Revenues	-	-	(71,678)	(71,678)
Total other financing sources (uses)	**(1,210,113)**	**(1,210,113)**	**(1,226,206)**	**(16,093)**
Changes in fund balance	$ (797,085)	$ (797,214)	(419,248)	$ 377,966
Fund balance:				
January 1			5,525,807	
December 31			**$ 5,106,559**	

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 2025, the Board of Supervisors did approve a budgetary expenditure amendment for the General Fund. During 2025, public works – other services expenditures were over budget by $768. 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, 2025
(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				
Assets:							
Cash, cash equivalents and equity in pooled cash and investments	$ 707,364	$ 11,352	$ 189,985	$ 587,954	$ 885,557	$ 681,038	$ 3,063,250
Taxes receivable	-	-	822	-	-	-	822
Accounts and interest receivable	-	-	-	-	-	-	-
Total assets	**$ 707,364**	**$ 11,352**	**$ 190,807**	**$ 587,954**	**$ 885,557**	**$ 681,038**	**$ 3,064,072**
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities, unearned revenue	$ -	$ -	$ -	$ -	$ -	$ 1,000	$ 1,000
Deferred inflows of resources, unavailable tax revenues	-	-	578	-	-	-	578
Fund balances	707,364	11,352	190,229	587,954	885,557	680,038	3,062,494
Total liabilities, deferred inflows of resources and fund balances	**$ 707,364**	**$ 11,352**	**$ 190,807**	**$ 587,954**	**$ 885,557**	**$ 681,038**	**$ 3,064,072**

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, 2025
(See independent auditor's report)

	Capital reserve fund	Fire protection fund	ARPA fund	Street light fund	Special projects fund	Liquid fuels fund	Parks and recreation fund	Total
Revenues:								
Taxes and assessments	$ -	$ -	$ -	$ 64,176	$ -	$ -	$ -	$ 64,176
Intergovernmental revenues	-	-	128,975	-	208,923	424,356	-	762,254
Investment income and rents	28,445	1,666	1,161	8,494	25,944	47,635	32,730	146,075
Departmental earnings	-	-	-	-	45,368	750	4,500	50,618
Private sector contributions	-	-	-	-	-	-	66,000	66,000
Total revenues	**28,445**	**1,666**	**130,136**	**72,670**	**280,235**	**472,741**	**103,230**	**1,089,123**
Expenditures:								
General government	202	-	-	-	-	-	-	202
Public safety	-	120,000	-	-	-	-	-	120,000
Public works:								
Sanitation	-	-	-	-	306,795	-	-	306,795
Highways and streets	226,211	-	231,589	57,332	-	498,318	-	1,013,450
Other services	-	-	-	-	-	-	-	-
Culture and recreation	7,400	-	-	-	-	-	52,562	59,962
Total expenditures	**233,813**	**120,000**	**231,589**	**57,332**	**306,795**	**498,318**	**52,562**	**1,500,409**
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(205,368)	(118,334)	(101,453)	15,338	(26,560)	(25,577)	50,668	(411,286)
Other financing sources (uses):								
Interfund transfers:								
In	165,000	120,000	-	-	-	-	-	285,000
Out	-	-	(304)	-	-	-	(230,500)	(230,804)
Proceeds from sale of assets	121,975	-	-	-	-	92	-	122,067
Refund of prior year revenues	-	-	-	-	(4,830)	-	-	(4,830)
Total other financing sources (uses)	**286,975**	**120,000**	**(304)**	**-**	**(4,830)**	**92**	**(230,500)**	**171,433**
Net changes in fund balances	**81,607**	**1,666**	**(101,757)**	**15,338**	**(31,390)**	**(25,485)**	**(179,832)**	**(239,853)**
Fund balances:								
January 1, 2025	625,757	9,686	101,757	174,891	619,344	911,042	859,870	3,302,347
December 31, 2025	**$ 707,364**	**$ 11,352**	**$ -**	**$ 190,229**	**$ 587,954**	**$ 885,557**	**$ 680,038**	**$ 3,062,494**

See notes to financial statements.