

**LONDONDERRY TOWNSHIP**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023  
AND  
INDEPENDENT AUDITOR'S REPORT

**HAMILTON & MUSSER, P.C.**  
*Certified Public Accountants*

**LONDONDERRY TOWNSHIP**  
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For the Year Ended December 31, 2023

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# HAMILTON & MUSSER, PC

*Certified Public Accountants • Consultants to Management*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Londonderry Township  
Middletown, Pennsylvania

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Londonderry Township, Dauphin County, as of December 31, 2023, and the respective changes in its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township 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 unmodified audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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 and budgetary comparison information on pages 4-24 and pages 55-57 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Londonderry Township, Dauphin County's basic financial statements. The combining and individual non-major fund financial statements on pages 58-59 are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January 24, 2025

Mechanicsburg, Pennsylvania

A handwritten signature in cursive script that reads "Hamilton & Mason, P.C.".

*Certified Public Accountants*

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

The following is a discussion of the financial picture of Londonderry Township, Dauphin County, Pennsylvania. We offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial highlights:**

- The assets of Londonderry Township exceeded its liabilities at the close of the year ended December 31, 2023 by \$14,604,925. Of this amount, \$4,163,302 is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the year ended December 31, 2023, Londonderry Township's governmental funds reported combined ending fund balances of \$3,427,693, an increase of \$223,527 from the year ended December 31, 2022. Of this amount, \$2,824,915 is unassigned and available for spending at the Township's discretion.
- At the end of the year ended December 31, 2023, unassigned fund balance for the General fund was \$2,623,670, or 83.00% of total 2023 General fund expenditures.
- The Township's total debt decreased by \$583,523 during the year ended December 31, 2023.
- During the year ended December 31, 2023, the Township's General fund revenues were \$581,780 above the anticipated budgeted revenues of \$2,519,070. This was primarily attributed to the taxes, license and permits, and intergovernmental revenue being higher than anticipated.
- During the year, the Township's General fund expenditures were \$428,337 above the anticipated budgeted expenditures of \$2,732,680. The more than anticipated expenditures were primarily the result of more than expected expenses for general government.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

Summary Statements of Net Position				
		<u>2023</u>		<u>2022</u>
<b>Assets:</b>				
Current Assets		\$ 6,738,354		\$ 8,117,908
Non-Current Assets		<u>11,695,938</u>		<u>10,329,260</u>
<b>Total Assets</b>		<u>\$ 18,434,292</u>		<u>\$ 18,447,168</u>
<b>Liabilities:</b>				
Current Liabilities		\$ 782,853		\$ 2,252,176
Non-Current Liabilities		<u>3,046,514</u>		<u>3,481,897</u>
<b>Total Liabilities</b>		<u>3,829,367</u>		<u>5,734,073</u>
<b>Net Position:</b>				
Net Investment in Capital Assets		10,130,708		8,180,507
Restricted		310,915		611,162
Unrestricted		<u>4,163,302</u>		<u>3,921,426</u>
<b>Total Net Position</b>		<u>14,604,925</u>		<u>12,713,095</u>
<b>Total Liabilities and Net Position</b>		<u>\$ 18,434,292</u>		<u>\$ 18,447,168</u>

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

Summary Statements of Activities			
		<u>2023</u>	<u>2022</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services		\$ 1,897,300	\$ 2,305,951
Operating Grants and Contributions		590,238	862,944
Capital Grants and Contributions		1,321,504	2,262,261
General Revenues:			
Taxes		2,530,563	2,330,309
Franchise Fees		80,622	84,545
Investment Earnings		72,407	22,682
Miscellaneous		<u>8,893</u>	<u>27,352</u>
<b>Total Revenues</b>		<u>6,501,527</u>	<u>7,896,044</u>
<b>Expenses:</b>			
General Government		1,610,006	1,319,927
Public Safety		333,070	603,491
Public Works:			
Sanitation		84,114	27,209
Highways		984,642	761,031
Water		27,406	16,196
Culture and Recreation		152,865	43,781
Debt Service		29,054	36,526
Golf Course		<u>1,388,540</u>	<u>1,249,992</u>
<b>Total Expenses</b>		<u>4,609,697</u>	<u>4,058,153</u>
<b>Change in Net Position</b>		1,891,830	3,837,891
<b>Net Position:</b>			
Beginning		<u>12,713,095</u>	<u>8,830,565</u>
<b>Ending</b>		<u>\$ 14,604,925</u>	<u>\$ 12,668,456</u>



**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Government-wide highlights**

*Net position:*

Net position may serve over time as a useful indicator of a government's financial position. The Township's combined net position totaled \$14,604,925 at the end of 2023. The largest portion of net position, \$10,130,708 or 69.36%, reflects capital investment in land, land improvements, buildings, infrastructure and equipment, net of related debt. The Township uses these capital assets to provide services to its citizens.

The current assets of the Township totaled \$6,738,354 or 36.55% of total assets and exceeded current liabilities for the year ended December 31, 2023 by \$5,955,501. Current assets are comprised of cash (\$5,804,289), taxes receivable (\$146,194), accounts receivable (\$57,976), grants receivable (\$679,515), prepaid expenses (\$23,488), and inventories (\$26,892). Current liabilities are comprised of accounts payable (\$305,924), accrued payroll (\$21,971), escrow deposits (\$13,863), prize/certificate deposits (\$52,734), current portion of note payable (\$304,361) and the current portion of capital lease obligations (\$84,000).

Noncurrent assets exceeded noncurrent liabilities by \$8,649,424.

Noncurrent assets are the capital assets, net of depreciation (\$11,695,938) identified later (land, construction in progress, land improvements, buildings, infrastructure and equipment). Noncurrent liabilities are comprised of notes payable (\$987,433), capital lease obligations (\$189,436), compensated absences (\$69,857), and unearned revenue (1,799,788).

Capital Assets (Net of Depreciation)				
			<u>2023</u>	<u>2022</u>
Land			\$ 509,897	\$ 509,897
Construction in Progress			4,208,831	5,202,079
Buildings			926,884	969,390
Land Improvements			838,597	866,558
Automotive Equipment			179,713	227,993
Machinery and Equipment			590,857	479,838
Infrastructure			<u>4,441,159</u>	<u>2,073,505</u>
Capital Assets, Net			<u>\$ 11,695,938</u>	<u>\$ 10,329,260</u>

Unrestricted net position represents the amount available to be used to meet the Township's ongoing obligations to citizens and creditors.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Government-wide highlights (continued)**

*Change in net position:*

The increase in net position for 2023 was \$1,891,830.

**Fund highlights**

*Governmental funds:*

Taxes and intergovernmental revenues (grants and allocations, such as highway aid) mostly support the activities in this section. Most services associated with Township government fall into this category.

The Township's governmental fund types are the General, Highway Aid, Debt Service, Capital Projects and ME2 grant funds. As of the close of 2023, the Township's governmental fund reported combined ending fund balances of \$3,427,693, an increase of \$223,527 from the prior year. Of this amount, \$2,824,915 is the unassigned fund balance and is available for spending at the Township's discretion. Restricted fund balances totaled \$310,915, which are located in the Highway Aid Fund (\$279,066), Debt Service Fund (\$144,570) and ME2 Grant Fund (\$112,721 deficit balance). The committed fund balance is (\$112,721) in the General Fund is for the ME2 Grant fund. The General Fund has an assigned fund balance for capital construction projects of \$155,654.

**Long-term debt**

*General Obligation Note, Series of 2012:*

The Township issued General Obligation Note, Series of 2012 dated December 31, 2012, with a maximum principal balance of \$1,700,000. The Note proceeds of \$1,675,136 were used to currently refund the Series of 2005 Notes and pay costs of issuing the Note. A portion of the Note in the amount of \$1,655,496 was used to currently refund the Series of 2005, Notes 1 and 2, which were previously allocated to the General Fund and Golf Course Fund. The Note proceeds paid off the General Fund portion of \$675,741 and Golf Course Fund portion of \$979,755 of the 2005 Notes as of the year ended December 31, 2012.

The General Obligation Note, Series of 2012 has an interest rate of 2.75% through December 15, 2022, at which time the rate will become variable through the maturity date of December 15, 2025. The monthly payments of principal and interest are \$12,974, commencing January 15, 2013. The variable rate is 65% of the Fulton Bank prime rate (no floor) with a ceiling of 6.75%. The General Obligation Note, Series of 2012 is guaranteed by the Township's full faith, credit and taxing power.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Long-term debt (continued)**

*Guaranteed Revenue Note, Series of 2014:*

The Township issued a Guaranteed Revenue Note, Series of 2014 dated May 15, 2014, with a maximum principal balance of \$925,000. The Note proceeds were issued to fund the costs of a bridge replacement project within the Township and paying the costs of issuing the Note. During 2015, the Township drew \$185,370 on the Note. The remaining \$739,630 was drawn in 2016. The interest rate is 0.50%. The Note matures on January 1, 2024. Payment of principal and interest are payable on January 1 each year. The Note is secured by the full faith, credit and taxing power of the Township.

*Guaranteed Revenue Note, Series of 2017:*

The Township issued a Guaranteed Revenue Note, Series of 2017 dated December 19, 2017, with a maximum principal balance of \$183,088. The Note proceeds were issued to fund the costs of culvert replacement located on Swatara Creek Road within the Township and paying the costs of issuing the Note. During 2019, the Township drew \$40,637 on the Note. The interest rate is 1.447%. The Note matures on October 1, 2037. Payment of principal and interest are payable on April 1 and October 1 each year. The Note is secured by the full faith, credit and taxing power of the Township.

*Capital lease obligation, 2017:*

In October 2017, the Township entered into a capital lease agreement to purchase golf carts with a purchase price of \$101,040 and to refinance the 2012 capital lease for \$60,150, for a total principal balance of \$161,190. The principal balance will be amortized over a term of 36 monthly payments due in the months of May, June, July, August, September and October of each year at an effective annual interest rate of 4.20%. Principal and interest of \$5,413 are payable during the months of May, June, July, August, September and October each year, with a final payment due October 2023.

*Capital lease obligation, 2019:*

In July 2019, the Township entered into a capital lease agreement to purchase a sand cultivator with a total purchase price of \$24,503. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 5.415%. Principal and interest of \$934 are payable during the months of May, June, July, August, September and October each year, with a final payment due July 2024.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Long-term debt (continued)**

*Capital lease obligation, 2019 (Continued):*

In July 2019, the Township entered into a capital lease agreement to purchase a leaf blower for a sand cultivator with a total purchase price of \$7,777. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 4.939%. Principal and interest of \$330 are payable during the months of May, June, July, August, September and October each year, with a final payment due July 2024.

In September 2019, the Township entered into a capital lease agreement to purchase a truck with a total purchase price of \$154,860. The principal balance will be amortized over a term of 48 months at an effective annual interest rate of 3.82%. Four annual payments of principal and interest of \$934 are payable in September each year, with a final payment due September 2023.

*Capital lease obligation, 2022:*

In July 2022, the Township entered into a capital lease agreement to purchase a mower with a purchase price of \$161,419. The principal balance will be amortized over a term of 5 yearly payments due in the month of July of each year at an effective annual interest rate of 4.94%. Principal and interest of \$35,470 are payable during the month of July each year, with a final payment due July 2026.

*General Obligation Note, Series of 2020:*

The Township issued General Obligation Note, Series of 2021 dated March 5, 2020, with a maximum principal balance of \$3,000,000. The Note proceeds were issued to fund the costs of various capital projects of the Township and paying the costs of issuing the Note. During 2020, the Township drew \$276,635 on the Note and during 2021, drew \$17,544 on the Note. The interest rate is 2.57%. The note was paid off during 2023.

*Guaranteed Revenue Note, Series of 2020 (Pennvest loan):*

The Township issued a Pennvest loan dated May 6, 2020, with a maximum principal balance of \$283,700. The loan proceeds were issued to fund the costs of the Londonderry Estates and Woodcrest sewer extension and paying the costs of issuing the loan. To date, the Township has drawn \$273,235 on the loan. The interest rate is 1.00%. Payment of interest is payable monthly on the outstanding principal balance through January 31, 2023. The loan matures on February 1, 2043. Beginning on February 1, 2023 through the maturity of the loan, monthly principal and interest payments of \$1,305 are payable. The loan is secured by the full faith, credit and taxing power of the Township.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Long-term debt (continued)**

*Guaranteed Revenue Note, Series of 2021:*

The Township issued a Guaranteed Revenue Note, Series of 2021 dated April 1, 2021, with a maximum principal balance of \$326,956. The Note proceeds were issued to fund the costs of a bridge replacement project within the Township and paying the costs of issuing. The interest rate is 2.15%. The Note matures on April 1, 2031. Payment of principal and interest are payable in April and October each year. The Note is secured by the full faith, credit and taxing power of the Township.

*Guaranteed Revenue Note, Series of 2021 (Pennvest loan):*

The Township issued a Pennvest loan dated April 21, 2021, with a maximum principal balance of \$293,900. The loan proceeds were issued to fund the costs of the Londonderry Estates and Woodcrest sewer extension and paying the costs of issuing the loan. To date the Township has drawn \$252,017 on the loan. The interest rate is 1.00%. Payment of interest is payable monthly on the outstanding principal balance through 2043. The loan matures on February 1, 2043. Beginning on February 1, 2023 through the maturity of the loan, monthly principal and interest payments of \$1,352 are payable. The loan is secured by the full faith, credit and taxing power of the Township.

*Capital lease obligations, 2021:*

In January 2021, the Township entered into a capital lease agreement to purchase a Ford F550 with a total purchase price of \$84,980. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 4.02%. Principal and interest of \$18,363 are payable annually each year, with a final payment due October 2025.

In June 2021, the Township entered into a capital lease agreement to purchase a Vanguard Mower with a total purchase price of \$47,848. The principal balance will be amortized over a term of 60 months. Principal and interest of \$1,681 are payable May, June, July, August, September, and October each year, with a final payment due June 2026.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Long-term debt (continued)**

*Capital lease obligations, 2023:*

In January 2023, the Township entered into a capital lease agreement to purchase a rotary mower with a total purchase price of \$70,617. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 6.99%. Principal and interest of \$1,398 are payable monthly, with a final payment due January 2028.

In April 2023, the Township entered into a capital lease agreement to purchase a Smithco Spray Star with a total purchase price of \$65,469. The principal balance will be amortized over a term of 60 months. Principal and interest of \$1,296 are monthly, with a final payment due April 2028.

**Overview of the financial statements**

This discussion and analysis is intended to serve as an introduction to Londonderry Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These components are described below.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Township's financial position, which assists in assessing the Township's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means that they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The statement of net position presents information on all of the Township's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Government-wide financial statements (Continued)**

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works - sanitation, public works - highways, public works - water, culture and recreation and debt service. The business-type activities of the Township include the operation of Sunset Golf Course.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Londonderry Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds:*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

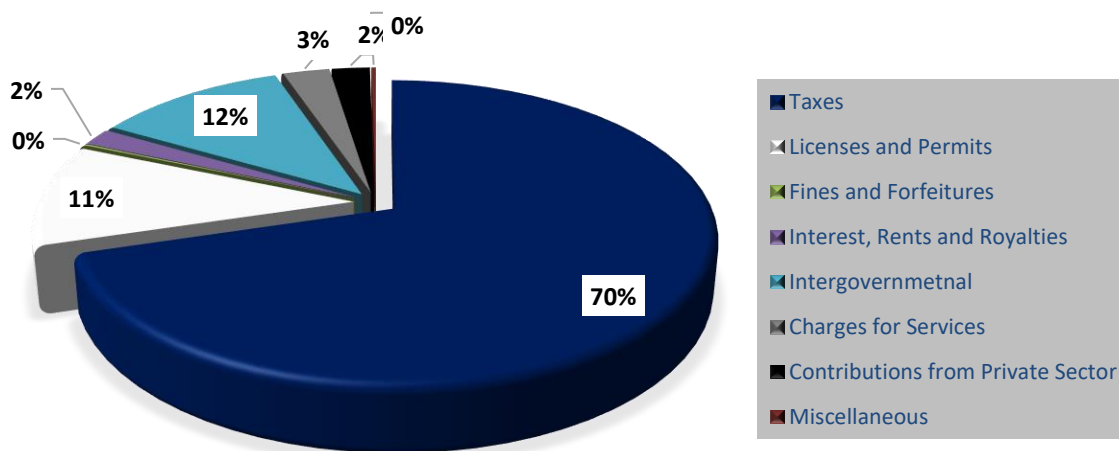
**Fund financial statements (Continued)**

Londonderry Township maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund and Capital Reserve fund which are considered to be major funds and the Highway Aid fund, Debt Service Fund, and ME2 Grant fund which are considered to be non-major funds. The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with these budgets.

*Governmental funds:*

General fund - This fund is used to finance the operational demands of Londonderry Township including administration, highway, recreation and building and health codes. The monies in this fund are legally unrestricted. The excess of expenditures over revenue for 2023 was \$107,034. The fund balance as of December 31, 2023 was \$2,915,533.

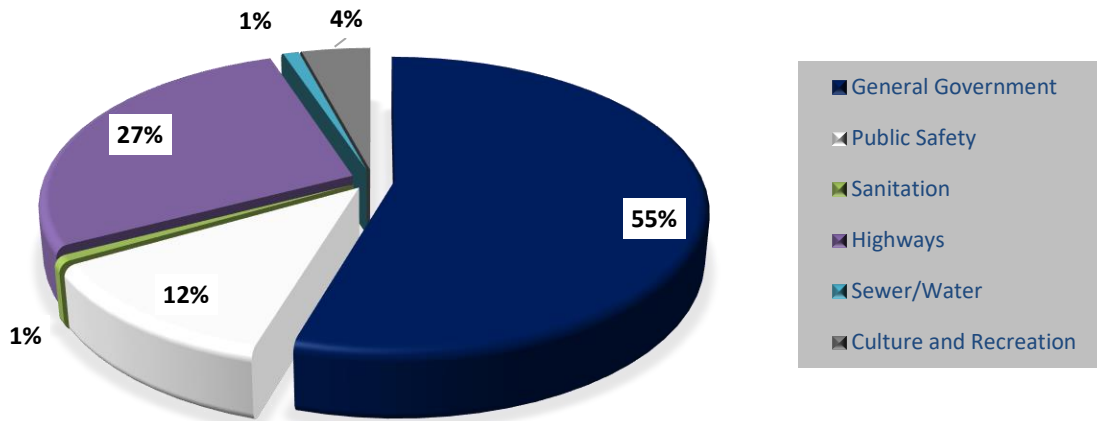
**2023 GENERAL FUND REVENUE FROM  
GOVERNMENTAL OPERATIONS**





**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**2023 GENERAL FUND EXPENSES FROM  
GOVERNMENTAL OPERATIONS**



**Fund financial statements (continued)**

*Governmental funds:*

Highway Aid fund - This restricted fund is comprised of funds received from the state via fuel (gasoline) taxes. The Township receives an allocation annually based upon the number of lane miles it has to maintain within its geographic borders. The monies in this account are legally restricted in that they may only be expended on road related equipment, maintenance or construction. The deficit of revenues under expenditures for 2023 in this fund was \$184,619. The fund balance as of December 31, 2023 was \$279,066.

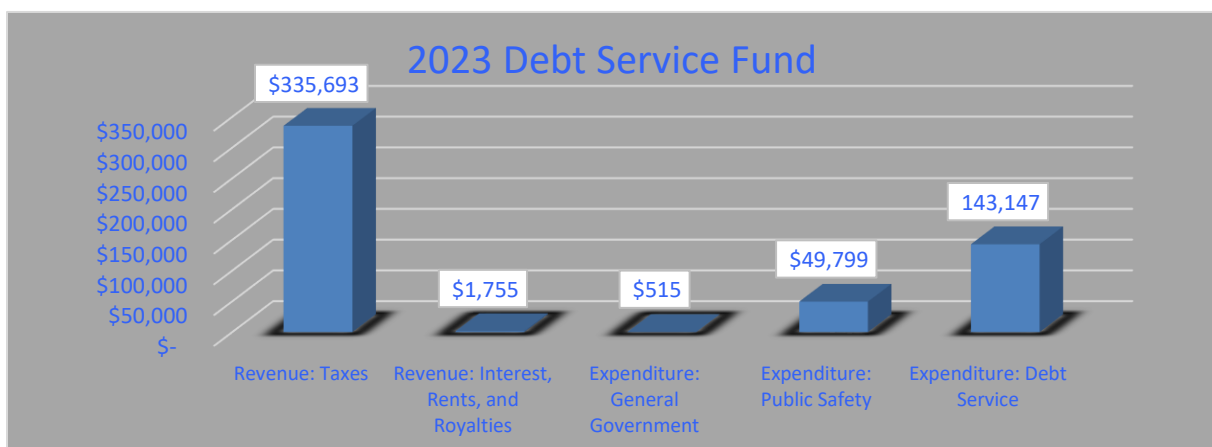


**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Fund financial statements (continued)**

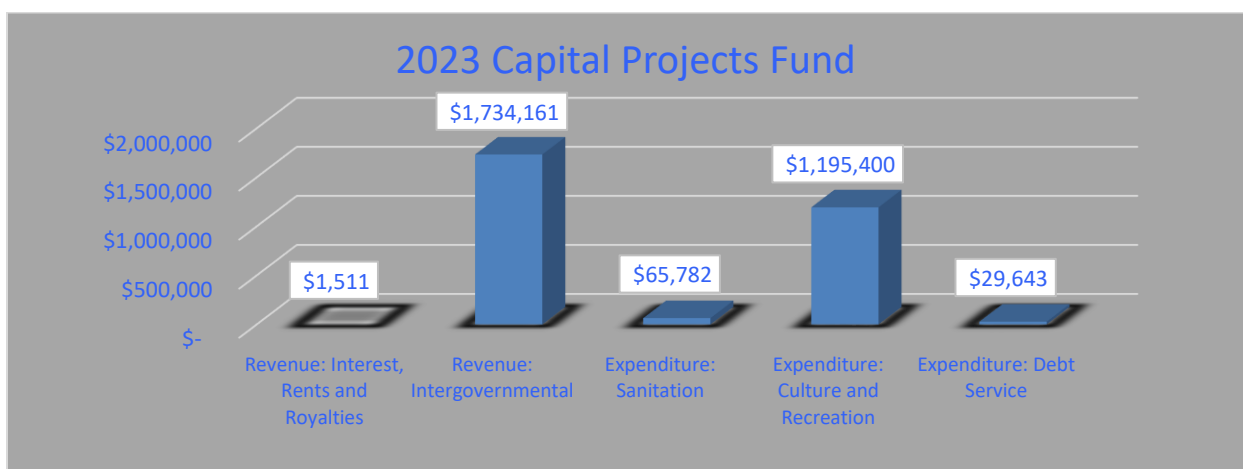
*Governmental funds:*

Debt Service fund - This restricted fund is used to account for a special real estate tax levy assessed on properties throughout the Township. The monies in this account are restricted in that they may only be expended on Township debt repayments. The excess of revenues over expenditures for 2023 in this fund was \$26,900. The fund balance as of December 31, 2023 was \$144,570.



*Governmental funds:*

Capital Projects fund - This committed fund is used to account for financial resources used to acquire and construct major capital projects throughout the Township. The monies in this account are committed in that they may only be expended on Township capital projects. The excess of revenues over expenditures for 2023 in this fund was \$630,808. The fund balance as of December 31, 2023 was \$201,245.

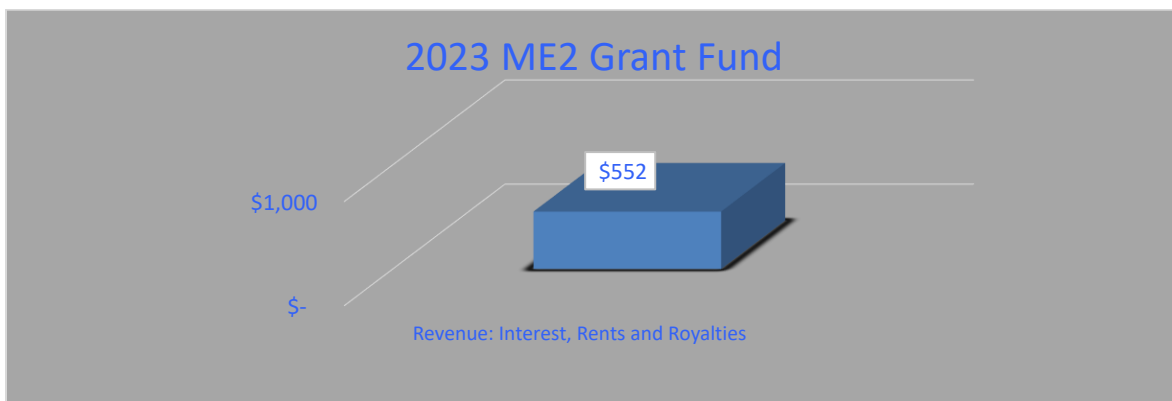


**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Fund financial statements (continued)**

*Governmental funds:*

ME2 Grant fund - This restricted fund is comprised of grant funds being used as part of the water quality improvement project. These funds are restricted by grant agreements. The deficit of revenues over expenditures for 2023 in this fund was \$142,528. The fund deficit as of December 31, 2023 was (\$112,721).



*Summary, statement of revenues, expenditures and changes in fund balance:*

Londonderry Township was able to realize the following positive change in fund balance in 2023: Capital Projects fund \$630,808; Debt Service fund \$26,900. The Township realized the following negative change in fund balance in 2023: General fund \$107,034, Highway Aid fund \$184,619, and ME2 fund \$142,528.

*Proprietary funds, Golf Course fund:*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Golf Course Fund are charges to customers. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Londonderry Township maintains a single proprietary fund. The Golf Course fund accounts for the financial activities associated with the operation and administration of Sunset Golf Course.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Fund financial statements (continued)**

*Proprietary funds, Golf Course fund (continued):*

<b>Operating Revenues:</b>					
Charges for Services:					<u>1,526,288</u>
<b>Total Operating Revenues</b>					<u>1,526,288</u>
<b>Operating Expenses:</b>					
Administrative and General					286,478
Depreciation Expense					137,481
Materials and Supplies					321,722
Personnel Services					428,321
Contractual Services					6,927
Repairs and Maintenance					116,190
Utilities					<u>66,934</u>
<b>Total Operating Expenses</b>					<u>1,364,053</u>
Operating Expenses Over Revenue					<u>162,235</u>
<b>Nonoperating Revenues (Expenses):</b>					
Transfers in					136,665
Intergovernmental					7,500
Interest Income					12,103
Debt Service Payments					<u>(24,487)</u>
<b>Total Nonoperating Revenues</b>					<u>131,781</u>
Changes in Net Position					294,016
<b>Net Position</b>					
Beginning					<u>1,903,334</u>
<b>Ending</b>					<u>\$ 2,197,350</u>

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Fiduciary Funds**

Fiduciary funds are not reflected in the government-wide statements because resources cannot be used to support the Township's operations. Fiduciary funds reflect activities involving resources that are held by the Township as trustee for future employee pension payments. The Township has two fiduciary funds: deferred compensation plan and defined contribution plan.

The Township created a deferred compensation plan, credited in accordance with Internal Revenue code Section 457, to certain Township employees. The plan permits deferral of a portion of employees' salaries until future years. The deferred compensation is not available for withdrawal until termination, retirement, death or disability. The Township funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investment funds managed by a third-party administrator. Deferred compensation balance of \$780,811 is being held as of December 31, 2023. Total contributions for the year ended December 31, 2023 were \$63,595. Plan distributions and admin expenses totaled \$61,159 and \$0, respectively for the year ended December 31, 2023.

The Township Non-Uniform Employees Pension Plan (Plan) is a single-employer defined contribution plan controlled by the provisions of Ordinance 2010-04, as amended, adopted pursuant to the Second Class Township Code Act of May 1, 1993, as amended, Act of June 26, 1975, P.L. 34, No. 17, 53 P.S. 56571. The Plan is governed by the Board of Supervisors of the Township, which is responsible for the management of plan assets. The Township's contribution match to the Plan is up to 4% of each participant's salary. At December 31, 2023 additions were \$52,138. Plan distributions and admin expenses totaled \$0 and \$7,265, respectively for the year ended December 31, 2023.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the statement of changes in fiduciary net position.

**Required supplementary information**

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Budgetary highlights**

*General fund:*

The actual change in fund balance exceeded budgeted change in fund balance by \$506,576. The majority of this increase was due to an increase in tax revenue, licenses and permits, and intergovernmental revenue. Actual expenses were more than budgeted expenses by \$428,337. The majority of this increase was due to more expenditures from general government activities.

**Economic factors and next year's budget and rates:**

Londonderry Township's elected and appointed officials considered many factors when setting the 2024 budget tax rates and fees for services that will be charged for governmental and business-type activities provided and conducted throughout the course of the year.

Londonderry Township believes it will continue to experience costs that increase at a higher rate than the increase in revenues for the 2024 fiscal year. The Township's millage rate will remain at 5.0 mills for 2024 and will not increase in 2025. These factors were considered in preparing the Township's budget for year-end December 31, 2024. During the year ended December 31, 2023, the fund balance in the General fund decreased by \$107,034. The decrease of funds was the result of an approximately \$297,000 principal and interest payment made on the remaining outstanding balance on the General Obligation Note, Series of 2020.

Factors the Township must consider in the upcoming years is the closing of Exelon Generation Company, LLC that generates real estate and earned income tax revenue for the Township and determining whether tax forgiveness will be granted for delinquent taxpayers on the island properties. Additionally, the Township must consider the continuing, material expenses associated with floodplain compliance on the island properties located on the Susquehanna River. This unfunded mandate is expected to cause budget issues for several years. The Chesapeake Bay mandated pollutant reduction plan is another unfunded mandate that will cause budget issues for the Township. Also, the Township will factor the age and remaining usability of infrastructure, property and equipment, which will need to be replaced in the future. Additionally, over the next couple of years, the Township will focus on the development and implementation of succession plans for their management employees approaching retirement. Lastly, business and residential developers continue to provide the Township with contributions. In the future, these potential developments will provide the Township with additional real estate and earned income tax revenue. During 2024, as a result of six warehouses being placed into use by their owners, the Township's total real estate assessed value increased to \$438,436,204, which is a \$91,049,300 increase as compared to 2023. Also, in 2024, the Township received real estate transfer tax proceeds from the sale of two warehouses totaling approximately \$1,079,500. Additional large scale industrial and residential developments are expected subsequent to 2024.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

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

The golf course experienced an approximately 16% increase in revenues due to an increase in the amount of revenues from charges for services related to the club house, golf course and pro shop.

The Township received/expended funding from the following sources during the year ended December 31, 2023:

- \$68,225 of the Riparian Forest Buffer Grant was awarded by the Western Pennsylvania Conservancy to help fund the creation of riparian buffers along floodplains within the Township, of which the remaining \$34,873 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$33,352 was expended.
- \$130,567 of the Culvert Replacement Grant was awarded by the Dauphin County Conservation District to help fund the capital costs of the Foxianna Road and Felker Road culvert replacement in the Township, of which the remaining \$99,287 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$31,280 was expended.
- \$937,447 of the H<sub>2</sub>O Grant was awarded by the Commonwealth of Pennsylvania Financing Authority to help fund the Londonderry Estates and Woodcrest sewer extension project in the Township, of which \$789,019 was expended through the year ended December 31, 2023. The Township did not receive and will not spend the remaining grant funds associated with this grant. The grant was closed out in 2023.
- \$200,000 stormwater grant was awarded by the National Fish and Wildlife Foundation to help fund Conewago Creek water quality improvements, of which the remaining \$192,183 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$7,817 was expended.
- \$332,885 growing greener grant was awarded by the Pennsylvania Department of Environmental Protection for the Environmental Stewardship and Watershed Protection. This grant is funding the Conewago Creek Bioswales project, of which \$6,614 was expended through the year ended December 31, 2023. Prior to December 31, 2021, \$11,950 was expended. The project is anticipated on being completed in 2024.
- \$738,752 growing greener grant was awarded by the Pennsylvania Department of Environmental Protection for the Environmental Stewardship and Watershed Protection. This grant is funding the Conewago Creek Stream Restoration project, of which the remaining \$276,945 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$461,807 was expended.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

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

- \$140,000 of the Dauphin County Gaming Local Share Municipal Grant was awarded by Dauphin County Department of Community & Economic Development/Dauphin County Industrial Development Authority for the Londonderry Estates sanitary sewer extension and connection project, of which \$11,200 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$112,000 was expended. The Township did not receive and will not spend the remaining grant funds associated with this grant. The grant was closed out in 2023.
- \$550,096 of the American Rescue Plan Act of 2021 funds were awarded by the United States Department of the Treasury to provide additional relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals and businesses. The Township received the funds in three tranches of \$274,181, \$867 and \$275,048. The Township will have until December 31, 2024 to commitment these funds and until December 31, 2026 to spend these funds. Any funds not committed by December 31, 2024 are to be turned back over to the United States Department of the Treasury. The Township expended \$135,620 during the year ended December 31, 2023. Prior to December 31, 2022, \$60,726 was expended. In 2024, the Township signed an agreement with a contractor for Township building renovations in 2024 and 2025, which commits the remaining funds of \$353,750 for the project. This project is anticipated to be completed in 2025.
- \$150,000 of the Dauphin County Gaming Local Share Municipal Grant was awarded by Dauphin County Department of Community & Economic Development/Dauphin County Industrial Development Authority for the Conewago Creek water quality improvements project, of which \$54,582 was expended through the year ended December 31, 2023.
- \$500,000 stormwater grant was awarded by the National Fish and Wildlife Foundation to help fund Conewago Creek water quality improvements project. The project is anticipated on being completed in 2025.
- \$500,000 of the Lancaster County Community Action Plan was awarded by Lancaster County for the Conewago Creek water quality improvement project, of which all of the grant, in the amount of \$500,000, was expended through the year ended December 31, 2023.



**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

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

- \$575,000 of the Dauphin County water resource enhancement program was awarded by the Dauphin County Redevelopment Authority for the Conewago Creek water quality improvement project and ongoing maintenance and monitoring, of which \$15,437 was expended through the year ended December 31, 2023. Prior to December 31, 2022, \$179,127 was expended.
- \$440,000 of the clean water fund American Rescue Plan of 2021 funds were awarded by the Lancaster County Conservation District, which is a pass through from the United States Department of the Treasury, for the Conewago Creek water quality improvement project, which of the remaining \$141,871 was expended during the year ended December 31, 2023. Prior to December 31, 2022, \$298,129 was expended.
- \$20,170 of the hazard mitigation grant was awarded by both the Federal and Pennsylvania Emergency Management Agencies for damages as a result of Tropical Storm Ida to Engle Road, of which \$18,677 was expended during the year ended December 31, 2023. Prior to December 31, 2022, \$298,129 was expended.
- \$918 safety grant was awarded from Susquehanna Municipal Trust for the purchase of supplies, of which \$918 was expended during the year ended December 31, 2023.
- \$155,000 of the Dauphin County Gaming Local Share Municipal Grant was awarded by Dauphin County Department of Community & Economic Development/Dauphin County Industrial Development Authority for the purchase of a fire engine, which is anticipated to occur in 2025.
- \$200,000 of the Dauphin County Gaming Local Share Municipal Grant was awarded by Dauphin County Department of Community & Economic Development/Dauphin County Industrial Development Authority for the Conewago Creek water quality improvements project. The project is anticipated on being completed in 2025.

The Township approved for funding from the following sources during the year ended December 31, 2024:

- \$350,000 of the consumptive use mitigation funds were awarded by the Susquehanna River Basin Commission for the Conewago Creek water quality improvements project.
- \$1,500 safety grant was awarded from Susquehanna Municipal Trust for the purchase of supplies.

**LONDONDERRY TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
*(Unaudited)*

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

- \$32,420 of the automated red light enforcement (ARLE) were awarded by the Commonwealth of Pennsylvania Department of Transportation for intersection warning signals at Colebrook Road and Schoolhouse Road.
- \$27,000 of the Keystone Recreation, Park and Conservation grant was awarded by the Commonwealth of Pennsylvania Bureau of Recreation and Conservation for two park site plans.

**Contacting the Township's financial management**

This financial report is designed to provide our citizens, taxpayers, business residents, customers, investors and creditors with a general overview of Londonderry Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions regarding this report or need financial information, please contact the Township Manager at 783 South Geyers Church Road, Middletown, PA 17057.

**LONDONDERRY TOWNSHIP**

## Statement of Net Position

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents (Note 2)	\$ 3,996,194	\$ 1,060,488	\$ 5,056,682
Cash and Cash Equivalents – Restricted (Note 2)	747,607	-	747,607
Receivable			
Taxes	146,194	-	146,194
Accounts	57,976	-	57,976
Grants	679,515	-	679,515
Due from (to) Other Funds (Note 10)	354,111	(354,111)	-
Prepaid Expenses	23,488	-	23,488
Inventory	-	26,892	26,892
Capital Assets, Not Being Depreciated (Note 5)	4,718,728	-	4,718,728
Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>5,102,148</u>	<u>1,875,062</u>	<u>6,977,210</u>
<b>Total Assets</b>	<u>15,825,961</u>	<u>2,608,331</u>	<u>18,434,292</u>
<b>Liabilities</b>			
Accounts Payable	284,365	21,559	305,924
Accrued Payroll	16,672	5,299	21,971
Escrow Deposits (Note 9)	13,863	-	13,863
Prize/Certificate Deposits	-	52,734	52,734
Current Portion of Long-Term Liabilities			
Notes Payable (Note 4)	219,713	84,648	304,361
Capital Leases Payable (Note 4)	47,664	36,336	84,000
Non-Current Portion of Long-Term Liabilities			
Notes Payable (Note 4)	895,922	91,511	987,433
Capital Leases Payable (Note 4)	83,664	105,772	189,436
Accrued Compensated Absences (Note 6)	56,735	13,122	69,857
Unearned Revenue	<u>1,799,788</u>	<u>-</u>	<u>1,799,788</u>
<b>Total Liabilities</b>	<u>3,418,386</u>	<u>410,981</u>	<u>3,829,367</u>
<b>Net Position</b>			
Net Investment in Capital Assets	8,573,913	1,556,795	10,130,708
Restricted for:			
Highway Aid	279,066	-	279,066
Debt Services	144,570	-	144,570
ME2 Grant Fund	(112,721)	-	(112,721)
Unrestricted	<u>3,522,747</u>	<u>640,555</u>	<u>4,163,302</u>
<b>Total Net Position</b>	<u>\$ 12,407,575</u>	<u>\$ 2,197,350</u>	<u>\$ 14,604,925</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Statement of Activities  
For the Year Ended December 31, 2023

	Program Revenue				Net (Expenses) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs							
Governmental Activities:							
General Government	\$ 1,610,006	\$ 17,009	\$ 169,224	\$ -	\$ (1,423,773)	\$ -	\$ (1,423,773)
Public Safety	333,070	332,992	32,710	-	32,632	-	32,632
Public Works							
Sanitation	84,114	11,981	-	-	(72,133)	-	(72,133)
Highways	984,642	600	293,681	-	(690,361)	-	(690,361)
Sewer/Water	27,406	-	-	-	(27,406)	-	(27,406)
Culture and Recreation	152,865	8,430	87,123	1,321,504	1,264,192	-	1,264,192
Interest on Long-Term Debt	<u>29,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,054)</u>	<u>-</u>	<u>(29,054)</u>
Total Governmental Activities	<u>3,221,157</u>	<u>371,012</u>	<u>582,738</u>	<u>1,321,504</u>	<u>(945,903)</u>	<u>-</u>	<u>(945,903)</u>
Business-Type Activities:							
Golf Course	<u>1,388,540</u>	<u>1,526,288</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>145,248</u>	<u>145,248</u>
Total Primary Government	<u>\$ 4,609,697</u>	<u>\$ 1,897,300</u>	<u>\$ 590,238</u>	<u>\$ 1,321,504</u>	<u>(945,903)</u>	<u>145,248</u>	<u>(800,655)</u>
General Revenues:							
Taxes							
General Property					1,578,140	-	1,578,140
Earned Income					845,105	-	845,105
Real Estate Transfer					86,447	-	86,447
Per Capita					17,559	-	17,559
Admissions					1,313	-	1,313
Public Utility					1,999	-	1,999
Franchise Fees					80,622	-	80,622
Interest Earnings					60,304	12,103	72,407
Miscellaneous					<u>8,893</u>	<u>-</u>	<u>8,893</u>
Total General Revenues					<u>2,680,382</u>	<u>12,103</u>	<u>2,692,485</u>
Transfers (Out) In (Note 10)					<u>(136,665)</u>	<u>136,665</u>	<u>-</u>
Change in Net Position					1,597,814	294,016	1,891,830
Net Position, Beginning of Year					<u>10,809,761</u>	<u>1,903,334</u>	<u>12,713,095</u>
Net Position, End of Year					<u>\$ 12,407,575</u>	<u>\$ 2,197,350</u>	<u>\$ 14,604,925</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Balance Sheet – Governmental Funds  
December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents (Note 2)	\$ 3,857,044	\$ 38,391	\$ 100,759	\$ 3,996,194
Cash and Cash Equivalents – Restricted (Note 2)	370,239	29,952	347,416	747,607
Receivables				
Taxes	131,514	-	14,680	146,194
Accounts	57,976	-	-	57,976
Grants	44,221	635,294	-	679,515
Due from (to) Other Funds (Note 10)	530,481	(39,962)	(136,408)	354,111
Prepaid Retirement Costs	<u>23,488</u>	<u>-</u>	<u>-</u>	<u>23,488</u>
Total Assets	<u>\$ 5,014,963</u>	<u>\$ 663,675</u>	<u>\$ 326,447</u>	<u>\$ 6,005,085</u>
<b>Liabilities</b>				
Accounts Payable	\$ 124,135	\$ 155,114	\$ 5,116	\$ 284,365
Accrued Payroll	16,538	-	134	16,672
Escrow Deposits (Note 9)	13,863	-	-	13,863
Unearned Revenue	<u>1,799,788</u>	<u>-</u>	<u>-</u>	<u>1,799,788</u>
Total Liabilities	<u>1,954,324</u>	<u>155,114</u>	<u>5,250</u>	<u>2,114,688</u>
Deferred Inflows of Resources, Unavailable Revenue	<u>145,106</u>	<u>307,316</u>	<u>10,282</u>	<u>462,704</u>
<b>Fund Balances</b>				
Nonspendable	23,488	-	-	23,488
Restricted				
Highway Aid	-	-	279,066	279,066
Debt Services	-	-	144,570	144,570
ME2 Grant Fund	-	-	(112,721)	(112,721)
Committed, ME2 Grant Fund	112,721	-	-	112,721
Assigned, Capital Construction Fund	155,654	-	-	155,654
Unassigned	<u>2,623,670</u>	<u>201,245</u>	<u>-</u>	<u>2,824,915</u>
Total Fund Balances	<u>2,915,533</u>	<u>201,245</u>	<u>310,915</u>	<u>3,427,693</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,014,963</u>	<u>\$ 663,675</u>	<u>\$ 326,447</u>	<u>\$ 6,005,085</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**

Reconciliation of Balance Sheet – Governmental Funds – to the Statement of Net Position  
For the Year Ended December 31, 2023

Total Fund Balances – Governmental Funds	\$ 3,427,693
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,820,876
Other assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	462,704
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued Compensated Absences	(56,735)
Notes Payable	(1,115,635)
Capital Leases Payable	<u>(131,328)</u>
Total Net Position – Governmental Activities	<u>\$ 12,407,575</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,181,471	\$ -	\$ 335,693	\$ 2,517,164
Licenses and Permits	340,086	-	-	340,086
Fines and Forfeitures	5,137	-	-	5,137
Interest, Rents and Royalties	57,452	1,511	7,266	66,229
Intergovernmental	353,773	1,734,161	227,899	2,315,833
Charges for Services	85,977	-	-	85,977
Contributions from Private Sector	68,911	-	-	68,911
Miscellaneous	<u>8,044</u>	<u>-</u>	<u>17,009</u>	<u>25,053</u>
Total Revenues	<u>3,100,851</u>	<u>1,735,672</u>	<u>587,867</u>	<u>5,424,390</u>
Expenditures				
General Government	1,566,129	-	515	1,566,644
Public Safety	344,378	-	49,799	394,177
Public Works				
Sanitation	18,332	65,782	-	84,114
Highways	789,101	-	285,766	1,074,867
Sewer/Water	27,406	-	-	27,406
Culture and Recreation	119,602	1,195,400	-	1,315,002
Debt Service				
Principal (Note 4)	294,178	24,647	269,700	588,525
Interest	<u>1,891</u>	<u>4,996</u>	<u>22,167</u>	<u>29,054</u>
Total Expenditures	<u>3,161,017</u>	<u>1,290,825</u>	<u>627,947</u>	<u>5,079,789</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(60,166)</u>	<u>444,847</u>	<u>(40,080)</u>	<u>344,601</u>
Other Financing Sources (Uses)				
Proceeds from Issuance of				
Capital Lease (Note 4)	-	15,158	-	15,158
Transfer Out (Note 10)	(105,759)	(471,250)	(679,245)	(1,256,254)
Transfer In (Note 10)	58,458	642,053	419,078	1,119,589
Gain on Sale of Assets	<u>433</u>	<u>-</u>	<u>-</u>	<u>433</u>
Total Other Financing Sources (Uses)	<u>(46,868)</u>	<u>185,961</u>	<u>(260,167)</u>	<u>(121,074)</u>
Net Change in Fund Balances	(107,034)	630,808	(300,247)	223,527
Fund Balances, Beginning of Year	<u>3,022,567</u>	<u>(429,563)</u>	<u>611,162</u>	<u>3,204,166</u>
Fund Balances, End of Year	<u>\$ 2,915,533</u>	<u>\$ 201,245</u>	<u>\$ 310,915</u>	<u>\$ 3,427,693</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds – to the Statement of Activities  
For the Year Ended December 31, 2023

Net Change in Fund Balances – Governmental Funds	\$ 223,527
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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  
estimated useful lives as depreciation expense:

Capital Outlays	1,533,740
Less Depreciation Expense	(253,503)

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds. This amount  
results in an increase from the revenue previously unavailable. (469,187)

Debt proceeds are reported as financing sources in governmental funds,  
and thus, contribute to the change in fund balance. In the Statement of Net  
Position, however, issuing debt increases long-term liabilities and does not  
affect the Statement of Activities. Similarly, repayment is an expenditure  
in the governmental funds, but reduces the liability in the Statement of Net  
Position.

The details of the differences are as follows:

Issuance:	
Notes Payable	(15,158)
Capital Lease Payable	-
Repayments:	
Notes Payable	510,852
Capital Leases Payable	77,673

Some expenses reported in the Statement of Activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in the funds. This amount results from a decrease in accrued  
compensated absences. (10,130)

Change in Net Position – Governmental Activities	\$ <u>1,597,814</u>
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The Accompanying Notes are an Integral Part of the Financial Statements



**LONDONDERRY TOWNSHIP**  
Statement of Net Position – Proprietary Fund  
December 31, 2023

	Business-Type Activities
	<u>Golf Course Fund</u>
Assets	
Current Assets	
Cash and Cash Equivalents (Note 2)	\$ 1,060,488
Inventory	<u>26,892</u>
Total Current Assets	1,087,380
Non-Current Assets, Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>1,875,062</u>
Total Assets	<u>\$ 2,962,442</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 21,559
Accrued Payroll	5,299
Prize/Certificate Deposits	52,734
Due to General Fund (Note 10)	354,111
Current Portion of Note Payable (Note 4)	84,648
Current Portion of Capital Lease Payable (Note 4)	<u>36,336</u>
Total Current Liabilities	<u>554,687</u>
Non-Current Liabilities	
Note Payable, Net of Current Portion (Note 4)	91,511
Capital Lease Payable, Net of Current Portion (Note 4)	105,772
Accrued Compensated Absences (Note 6)	<u>13,122</u>
Total Non-Current Liabilities	<u>210,405</u>
Total Liabilities	<u>765,092</u>
Net Position	
Net Investment in Capital Assets	1,556,795
Unrestricted	<u>640,555</u>
Total Net Position	<u>2,197,350</u>
Total Liabilities and Net Position	<u>\$ 2,962,442</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
For the Year Ended December 31, 2023

	Business-Type Activities
	<u>Golf Course Fund</u>
Operating Revenues	
Charges for Services	<u>\$ 1,526,288</u>
Total Operating Revenues	<u>1,526,288</u>
Operating Expenses	
Administrative and General	286,478
Depreciation (Note 5)	137,481
Materials and Supplies	321,722
Personnel Services	428,321
Contractual Services	6,927
Repairs and Maintenance	116,190
Utilities	<u>66,934</u>
Total Operating Expenses	<u>1,364,053</u>
Operating Revenues over Expenses	<u>162,235</u>
Non-Operating Revenues (Expenses)	
Transfers In (Note 10)	136,665
Intergovernmental	7,500
Interest Income	12,103
Interest Expense	<u>(24,487)</u>
Total Non-Operating Revenues (Expenses)	<u>131,781</u>
Change in Net Position	294,016
Net Position, Beginning of Year	<u>1,903,334</u>
Net Position, End of Year	<u>\$ 2,197,350</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended December 31, 2023

	Business-Type Activities
	<u>Golf Course Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 1,526,288
Payments Suppliers	(825,283)
Payments Personnel	<u>(425,988)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>275,017</u>
Cash Flows from Noncapital Financing Activities:	
Intergovernmental Operating Grants	7,500
Transfers from Other Funds	<u>145,226</u>
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>152,726</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(223,921)
Capital Lease Issuance	136,086
Principal Payments on:	
Long-Term Debt	(80,569)
Capital Lease Payable	(65,673)
Interest Paid on Long-Term Debt	<u>(24,487)</u>
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>(258,564)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>12,103</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>12,103</u>
Net Increase in Cash and Cash Equivalents	181,282
Cash and Cash Equivalents, Beginning of Year	<u>879,206</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,060,488</u>
Reconciliation of Operating Revenues over Expenses to	
Net Cash and Cash Equivalents Provided by Operating Activities	
Operating Revenues over Expenses	\$ 162,235
Adjustments to Reconcile Operating Revenues over Expenses to	
Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	137,481
(Increase) Decrease in:	
Inventory	(2,433)
Increase (Decrease) in:	
Accounts Payable	(4,253)
Accrued Payroll	2,940
Prize/Certificate Deposits	(20,346)
Accrued Compensated Absences	<u>(607)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 275,017</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Statement of Fiduciary Net Position  
December 31, 2023

	<u>Pension Trust Funds</u>
Assets	
Cash and Cash Equivalents (Note 2)	\$ 19,684
Investments (Note 2)	<u>1,065,016</u>
Total Assets	<u>\$ 1,084,700</u>
Net Position	
Restricted for Pension Benefits	<u>\$ 1,084,700</u>
Total Net Position	<u>\$ 1,084,700</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Statement of Changes in Fiduciary Net Position  
For the Year Ended December 31, 2023

	<u>Pension Trust Funds</u>
Additions	
Contributions (Note 7)	
Employer	\$ 52,138
Plan Members	<u>63,595</u>
Total Contributions	<u>115,733</u>
Investment Earnings	<u>138,935</u>
Total Additions	<u>254,668</u>
Deductions (Note 7)	
Benefits	61,159
Administrative Expenses	<u>7,265</u>
Total Deductions	<u>68,424</u>
Change in Net Position	186,244
Net Position, Beginning of Year	<u>898,456</u>
Net Position, End of Year	<u>\$ 1,084,700</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Londonderry Township (the Township) is located in Dauphin 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 and sewage regulation, maintenance of roadways, community enrichment programs and various general government services and supports the operations of fire companies.

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

These financial statements include the funds of all Township operations. The Township's operations include general government, public safety, sanitation, highway maintenance, sewer and water maintenance, culture and recreation.

**Reporting Entity:**

GASB establishes the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the established criteria. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are:

The Township is financially accountable for

1. Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
  - a. Impose its will – If the Township can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.
  - b. Financial benefit or burden – Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
2. Legally separate organizations that are financially dependent on the Township. Financial dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges or issue bond debt without approval of the Township.

Based on the foregoing criteria, it has been determined that no entities meet the criteria for inclusion as part of this reporting entity.

**Fund Accounting:**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses and fund balances, as appropriate. Township resources are allocated to and accounted for in the individual funds based on the purpose for which they are to be spent.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued):**

When both restricted and unrestricted resources are available for use, it is the Township's general policy to use the restricted resources (primarily operating grants) first, then unrestricted resources as they are needed.

The Township has the following major types of funds:

Governmental Funds: These funds account for the activities through which most of the Township's operations are provided.

Proprietary Fund: This fund accounts for the operations of the Township that are financed and operated in a manner similar to private business enterprises.

Fiduciary Fund: This fund accounts for the pension trust funds of the Township that the Township is a trustee or fiduciary of.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Township. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or programs are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or program. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues, are reported as general revenues.

Fund financial statements are also provided for all governmental funds of the Township. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):**

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Uncollected assessments and real estate taxes at the end of this period are reported as unavailable revenues. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Township reports unavailable revenues as deferred inflows of resources on its governmental funds balance sheet. Unavailable revenues arise when potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unavailable revenues is removed from the governmental funds balance sheet and revenue is recognized.

The Township reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital projects.

The Township reports the following non-major governmental funds:

The Highway Aid Fund accounts for revenues that are restricted for expenses for the improvement and maintenance of the Township's roads, bridges, curbs and gutters.

The Debt Service Fund accounts for the revenue from a special real estate tax levy assessed on Township properties that is restricted for expenses to repay Township debt obligations.

The ME2 Grant Fund accounts for Pennsylvania Department of Environmental Protection state grant funds being used as part of the water quality improvement project. These funds are restricted by grant agreements.

The Township reports the following proprietary fund:

The Golf Course Fund accounts for the financial activities associated with the operation and administration of Sunset Golf Course.

The Township reports the following fiduciary funds:

The 457 Plan accounts for the financial activities associated with the Township's 457 Plan.

The Defined Contribution Plan accounts for the financial activities associated with the Township's Defined Contribution Plan.



**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):**

Proprietary funds' distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Golf Course Fund are charges to customers. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Township's fiduciary funds consist of a deferred compensation plan fund and a defined contribution plan fund. These funds are accounted for in essentially the same manner as the proprietary funds since capital maintenance is critical. Fiduciary fund financial statements are prepared using the accrual basis of accounting.

Plan employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Cash and Cash Equivalents:**

The Township's cash and cash equivalents include cash on hand and demand deposits. 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 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 and cash equivalents.

**Investments:**

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Mutual funds are valued based on published market prices and quotations from national security exchanges and securities pricing services. Money market investments that have a remaining maturity at the time of purchase of one year or less are measured at amortized cost.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to investment operations, as well as the internal administrative expenses associated with the investment program.

**Fair Value**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market:

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued):**

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are those other than quoted prices within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**Inventory:**

Inventory of the proprietary fund consists of merchandise held for sale and is stated at cost using the first-in, first-out (FIFO) method.

**Prepaid Items:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**Due To and Due From Other Funds:**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period when transactions occur.

**Capital Assets:**

Capital assets, which include land, land improvements, buildings, automotive equipment, machinery and equipment and infrastructure assets (e.g., roads, bridges, traffic signals), are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$3,000 or more, or \$25,000 or more for infrastructure. Infrastructure assets include Township-owned roads, bridges and traffic signals. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The acquisition value is the price that would be paid to acquire an asset with equivalent potential in an orderly market transaction at the acquisition date.

To the extent the Township's capitalization threshold is met, capital outlays are recorded and depreciated using the straight-line method over the following estimated useful lives:

Buildings	7 – 40 Years
Land Improvements	20 Years
Automotive Equipment	7 Years
Machinery and Equipment	5 – 10 Years
Infrastructure	40 – 50 Years

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

**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) until then. The Township did not have any items that qualify for reporting in this category.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued):**

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

Unavailable revenues at December 31, 2023 consist of the following:

Real Estate Taxes	\$ 96,485
Per Capita Taxes	4,400
Debt Service Real Estate Taxes	10,282
Grants	<u>351,537</u>
Total Unavailable Revenues	<u>\$ 462,704</u>

**Accrued Compensated Absences:**

Township employees are vested in unused vacation time and a portion of unused sick leave, as more fully described in the compensated absences note.

**Long-Term Liabilities:**

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of a general obligation note, guaranteed revenue note, capital lease obligations and accrued compensated absences.

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

**Fund Balance Classification:**

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 notes or lease obligations attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by external groups, such as creditors, grantors, contributors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements:

The Township follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classification (Continued):**

- a. Nonspendable fund balance – Not spendable in form and includes items such as prepaid expenses.
- b. Committed fund balance – amounts constrained to specific purposes by the Township itself, to be reported as committed, amounts cannot be used for any other purpose unless the Township takes action to remove or change the constraint.
- c. 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.
- d. Assigned fund balances – Resources constrained by the Township's intent to use them for specific purposes, such as capital construction projects.
- e. Unassigned fund balance – Resources that have not been restricted, committed or assigned for specific purposes. Accounts for funds not reported in other funds.

Proprietary fund's and fiduciary fund's fund balance are classified the same as in the government-wide statements.

**Tax Revenue:**

Real estate and per capita taxes are recognized in the accounting period they become available and measurable. Available means collectible within the current period or within 60 days. Earned income taxes are recorded at gross amounts collected, with costs of collection recorded as an expenditure. Real estate transfer, emergency municipal services and delinquent taxes are recorded at the net amount received from the collecting agency after deducting fees and expenses.

**Program Revenues:**

In the Statement of Activities, accrual basis revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

**Operating Revenue and Expenses:**

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing or investing activities.

**Use of Estimates:**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Pending Governmental Accounting Standards Board (GASB) Pronouncements:**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Township will be required to adopt Statement No. 100 for its fiscal year 2024 financial statements.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 1      NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pending Governmental Accounting Standards Board (GASB) Pronouncements (Continued):**

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The Township will be required to adopt Statement No. 102 for its fiscal year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Statement's objective is to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Township will be required to adopt Statement No. 103 for its fiscal year 2025 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement's objective is to provide users of government financial statements with essential information about certain types of capital assets. The Township will be required to adopt Statement No. 103 for its fiscal year 2026 financial statements.

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

**Adoption of Governmental Accounting Standards Board (GASB) Pronouncements:**

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Statement's objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The Township adopted Statement No. 94 for its fiscal year 2023 financial statements.

In March 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Township adopted Statement No. 96 for its fiscal year 2023 financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Statement's objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Township adopted Statement No. 99 for its fiscal year 2023 and 2024 financial statements.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

For deposits, custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned to it. The Township has no policy regarding custodial credit risk for deposits.

As of December 31, 2023, \$5,154,608 of the Township's bank balance of \$5,875,521 was not covered by the Federal Deposit Insurance Corporation (FDIC), but was collateralized in accordance with Act 72. This Act requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

**Deposits:**

Collateral Held by the Pledging Bank Under Act 72, But Not in the Township's Name	\$ 5,154,608
Insured by FDIC	720,863
Deposits in Transit	18,259
Outstanding Checks	(69,807)
Petty Cash	<u>50</u>
Total Deposits	<u>\$ 5,823,973</u>

**Cash:**

Reconciliation to the financial statements:

Cash	
Government Funds	\$ 4,743,801
Proprietary Funds	1,060,488
Fiduciary Fund	<u>19,684</u>
Total	<u>\$ 5,823,973</u>

**Interest-Rate Risk:**

The Township does have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

The Township has an investment policy that limits its investment choices in accordance with Pennsylvania statutes for Townships.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments:**

The composition of investments held as of December 31, 2023, reported at fair value, were as follows:

Interest Maturities (in Years) (Unaudited)

<u>Type and Ratings*</u>	<u>Total Fair Value</u>
Equity Mutual Funds – N/A	<u>\$ 1,065,016</u>
Total	<u>\$ 1,065,016</u>

\* Ratings are unaudited; information from Standard and Poor's (S&P). U.S. Treasury Obligations issued are explicitly guaranteed by the U.S. Government.

Custodial Credit Risk – Investment custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Township's formal investment policies require for financial institutions to purchase securities in the Township's name, and hold by a custodian bank on the Township's behalf to limit exposure of custodial credit risk. The Township does not have a written policy for investment custodial credit risk in relation to its pension funds. All of the Township's investments are held by the financial institutions' trust departments or agents, not in the Township's name.

The institutions holding the Township's investments are members of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker, however it only insures up to \$250,000 for cash. The Township has over \$500,000 in investments at each of the institutions, and thus would be insured \$500,000 at each institution by the SIPC in the event such failure or misappropriation occurs.

Interest Rate Risk – The Township does not have formal investment policies that limit exposure to fair value losses arising from increasing interest rates.

Credit Risk and Concentration of Credit Risk – Investments in entities that are subject to credit risk are limited to those held by the Pension Trust. The ratings for all investments currently held by the Pension Trust are summarized in the previous schedule. The Township does not have a formal investment policy that limits exposure to credit and concentration of credit risk

There were no investments that exceeded 5% of plan net position for these funds as of December 31, 2023.

**NOTE 3 PROPERTY TAXES**

The Township's property tax is levied each January 1 on the assessed value as of that date, as maintained by Dauphin County, for all nonexempt real estate property located in the Township. The assessed value of the roll, upon which the levy for the 2023 year was based, approximated \$304,636,304, based on a countywide reassessment. The tax millage rate assessed for the year ended December 31, 2023 was 3.4 mills (\$.34 per \$1000 valuation).

Real estate taxes attach as an enforceable lien on property on January 1. The taxes are collected by an elected tax collector. Taxes paid through March 31 are allowed a 2% discount. Taxes paid after May 31 and July 31 are charged a 5% and 10% penalty, respectively. Delinquent real estate taxes are collected by Dauphin County.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 3                    PROPERTY TAXES (CONTINUED)**

The Township levies a .5 mill (\$.05 per \$1000 valuation) addition to the real estate tax to provide funding for the maintenance and operation of the Township's fire department. This tax is billed with the Township's real estate taxes.

The Township also levies a 1.1 mill (\$.11 per \$1000 valuation) addition to the real estate tax to provide funding for the repayment of outstanding debt. This tax is billed with the Township's real estate taxes.

**NOTE 4                    GENERAL LONG-TERM DEBT**

**General Obligation Note, Series A of 2012:**

The Township issued General Obligation Note, Series A of 2012, dated December 31, 2012, with a maximum principal balance of \$2,700,000. A portion of the Note, in the amount of \$1,655,496, was used to refund the Series of 2005, Notes 1 and 2, which were previously allocated to the General Fund and Golf Course Fund. The Note proceeds paid off the General Fund portion of \$675,741 and Golf Course Fund portion of \$979,755 as of the year ended December 31, 2012.

The General Obligation Note, Series A of 2012 has an interest rate of 2.75% through December 15, 2022, at which time the rate will become variable through the maturity date of December 15, 2025. The monthly payments of principal and interest are \$12,974, commencing January 15, 2013. The variable rate is 65% of the Fulton Bank prime rate (no floor) with a ceiling of 6.75%. In 2023 the interest rate was 6.75% with monthly payments of principal and interest of \$13,598.

The General Obligation Note, Series A of 2012 is guaranteed by the Township's full faith, credit and taxing power. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the General Obligation Note, Series A of 2012 is \$301,738 at December 31, 2023.

**General Obligation Note, Series of 2020:**

The Township issued a General Obligation Note, Series of 2020 dated March 5, 2020, with a maximum principal balance of \$3,000,000. The Note proceeds were issued to fund various capital projects of the Township, including, but not limited to, the acquisition, construction, purchase and design, as applicable, of improvements to various existing or new projects and paying the costs of issuing the Note. To date, the Township drew \$294,179 on the Note. The interest rate is 2.57%. The Note matures on March 5, 2023. Payment of principal and interest is payable on the 5th day of each quarter. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The General Obligation Note, Series of 2020, was paid off during 2023.

**General Obligation Note, Series of 2020 (Pennvest Loan):**

The Township issued a General Obligation Revenue Note, Series of 2020, through Dauphin County Infrastructure Bank, dated May 6, 2020, with a maximum principal balance of \$283,700. The Note proceeds were issued to fund the Township's sewer system project. To date, the Township drew \$273,235 on the Note. The interest rate is 1.00%. The Note matures on February 1, 2043. Payment of principal and interest is payable on the 1st of each month. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the General Obligation Note, Series of 2020 is \$261,272 at December 31, 2023.



**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 4                    GENERAL LONG-TERM DEBT (CONTINUED)**

**Guaranteed Revenue Note, Series of 2021:**

The Township issued a Guaranteed Revenue Note, Series of 2021 dated April 1, 2021, with a maximum principal balance of \$326,957. The Note proceeds were issued for the purpose of providing funds to be applied for the costs of certain transportation related capital projects, including the engineering, preliminary and environmental studies, surveying, testing and design work related thereto and to pay all or a portion of the costs of issuance of the Note. The interest rate is 2.150%. The Note matures on April 1, 2031. Payment of principal and interest is payable on April 1 and October 30 each year. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the General Obligation Note, Series of 2021 is \$262,607 at December 31, 2023.

The following schedule shows the debt service requirements for all General Obligation Notes as of December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 189,899	\$ 16,574	\$ 206,473
2025	201,857	8,106	209,963
2026	45,367	3,029	48,396
2027	45,626	2,770	48,396
2028	45,886	2,510	48,396
2029-2033	166,429	8,842	175,271
2034-2038	70,396	4,811	75,207
2039-2043	<u>60,157</u>	<u>1,262</u>	<u>61,419</u>
Total	<u>\$ 825,617</u>	<u>\$ 47,904</u>	<u>\$ 873,521</u>

**Guaranteed Revenue Note, Series of 2014:**

The Township issued a Guaranteed Revenue Note, Series of 2014, through Dauphin County Infrastructure Bank, dated May 15, 2014, with a maximum principal balance of \$925,000. The Note proceeds were issued to fund the costs of a bridge replacement project within the Township and pay the costs of issuing the Note. During 2015, the Township drew \$185,370 on the Note. The remaining \$739,630 was drawn in 2016. The interest rate is 0.50%. The Note matures on January 1, 2024. Payment of principal and interest is payable on January 1 each year. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the Guaranteed Revenue Note, Series of 2014 is \$94,415 at December 31, 2023.

**Guaranteed Revenue Note, Series of 2017:**

The Township issued a Guaranteed Revenue Note, Series of 2017 dated December 19, 2017, with a maximum principal balance of \$183,088. The Note proceeds were issued to fund the costs of culvert replacement located on Swatara Creek Road within the Township and paying the costs of issuing the Note. During 2019, the Township drew \$40,637 on the Note. The interest rate is 1.447%. The Note matures on October 1, 2037. Payment of principal and interest is payable on April 1 and October 1 each year. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the Guaranteed Revenue Note, Series of 2017 is \$132,429 at December 31, 2023.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 4                    GENERAL LONG-TERM DEBT (CONTINUED)**

**Guaranteed Revenue Note, Series of 2021 (Pennvest Loan):**

The Township issued a Guaranteed Revenue Note, Series of 2021, through Dauphin County Infrastructure Bank, with a maximum principal balance of \$293,900. The Note proceeds were issued to fund the Township's sewer system project. To date, the Township drew \$252,017 on the Note. The interest rate is 1.00%. The Note matures in 2043. Payment of principal and interest is payable on the 1<sup>st</sup> of each month. The Note is secured by the full faith, credit and taxing power of the Township. The loan contains a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment. The outstanding principal balance of the Guaranteed Revenue Note, Series of 2021 is \$239,333 at December 31, 2023.

The following schedule shows the debt service requirements for all Guaranteed Revenue Notes as of December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 114,462	\$ 5,191	\$ 119,653
2025	20,163	4,491	24,654
2026	20,279	4,256	24,535
2027	20,607	3,934	24,541
2028	20,936	3,606	24,542
2029-2033	109,226	13,468	122,694
2034-2038	105,433	6,453	111,886
2039-2043	<u>55,071</u>	<u>1,262</u>	<u>56,333</u>
Total	<u>\$ 466,177</u>	<u>\$ 42,661</u>	<u>\$ 508,838</u>

**Capital Lease Obligation, 2017:**

In October 2017, the Township entered into a capital lease agreement to purchase golf carts with a purchase price of \$101,040 and to refinance the 2012 capital lease for \$60,150 for a total principal balance of \$161,190. The principal balance will be amortized over a term of 36 monthly payments due in the months of May, June, July, August, September and October of each year at an effective annual interest rate of 4.20%. Payments of principal and interest of \$5,413 are payable during the months of May, June, July, August, September and October each year, with a final payment due in October 2023. The Capital Lease Obligation was paid off during 2023.

**Capital Lease Obligation, 2019:**

In July 2019, the Township entered into a capital lease agreement to purchase a sand cultivator with a total purchase price of \$24,503. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 5.415%. Payments of principal and interest of \$934 are payable during the months of May, June, July, August, September and October each year, with a final payment due in July 2024. The outstanding principal balance of the Capital Lease Obligation of 2019 is \$2,702 at December 31, 2023.

In July 2019, the Township entered into a capital lease agreement to purchase a leaf blower for a sand cultivator with a total purchase price of \$7,777. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 4.939%. Payments of principal and interest of \$330 are payable during the months of May, June, July, August, September and October each year, with a final payment due in July 2024. The outstanding principal balance of the Capital Lease Obligation of 2019 is \$958 at December 31, 2023.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 4                      GENERAL LONG-TERM DEBT (CONTINUED)**

**Capital Lease Obligation, 2019 (Continued):**

In September 2019, the Township entered into a capital lease agreement to purchase a truck with a total purchase price of \$154,860. The principal balance will be amortized over a term of 48 months at an effective annual interest rate of 3.82%. Four annual payments of principal and interest of \$33,336 are payable in September each year, with a final payment due in September 2023. The Capital Lease was paid off during 2023.

**Capital Lease Obligation, 2021:**

In January 2021, the Township entered into a capital lease agreement to purchase a dump truck with a total purchase price of \$84,980. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 4.02%. Payments of principal and interest of \$18,383 are payable in October each year, with a final payment due in October 2025. The outstanding principal balance of the Capital Lease Obligation of 2021 is \$34,626 at December 31, 2023.

In June 2021, the Township entered into a capital lease agreement to purchase a mower with a total purchase price of \$47,848. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 4.72%. Payments of principal and interest are payable in May through October each year, with a final payment due in June 2026. The outstanding principal balance of the Capital Lease Obligation of 2021 is \$22,928 at December 31, 2023.

**Capital Lease Obligation, 2022:**

In July 2022, the Township entered into a capital lease agreement to purchase a mower with a total purchase price of \$161,419. The principal balance will be amortized over a term of 4 years at an effective annual interest rate of 4.94%. Payments of principal and interest are payable in July each year, with a final payment due in July 2026. The outstanding principal balance of the Capital Lease Obligation of 2022 is \$96,702 at December 31, 2023.

**Capital Lease Obligation, 2023:**

In January 2023, the Township entered into a capital lease agreement to purchase a rotary mower with a total purchase price of \$70,617. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 6.99%. Payments of principal and interest of \$1,398 are payable each month, with a final payment due in January 2028. The outstanding principal balance of the Capital Lease Obligation of 2023 is \$59,442 at December 31, 2023.

In April 2023, the Township entered into a capital lease agreement to purchase a Smithco Spray Star with a total purchase price of \$65,469. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 6.99%. Payments of principal and interest of \$1,296 are payable each month, with a final payment due in April 2028. The outstanding principal balance of the Capital Lease Obligation of 2023 is \$56,078 at December 31, 2023.

The following schedule shows the debt service requirements for all Capital Lease Obligations as of December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 84,000	\$ 13,446	\$ 97,446
2025	86,461	9,787	96,248
2026	65,776	5,384	71,160
2027	30,700	1,629	32,329
2028	<u>6,499</u>	<u>15,462</u>	<u>21,961</u>
Total	<u>\$ 273,436</u>	<u>\$ 45,708</u>	<u>\$ 319,144</u>

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 4            GENERAL LONG-TERM DEBT (CONTINUED)**

A summary of the changes in general obligation note payable, guaranteed revenue note and capital lease obligations for the year ended December 31, 2023 is as follows:

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	Balance December 31, 2023
Long-Term Debt Obligations				
Governmental Activities				
General Obligation Note, Series A of 2012	\$ 183,014	\$ -	\$ 57,435	\$ 125,579
General Obligation Note, Series of 2020	294,179	-	294,179	-
General Obligation Note, Series of 2020	266,075	7,160	11,963	261,272
General Obligation Note, Series of 2021	294,846	-	32,239	262,607
Guaranteed Revenue Note, Series of 2014	188,360	-	93,945	94,415
Guaranteed Revenue Note, Series of 2017	140,837	-	8,408	132,429
Guaranteed Revenue Note, Series of 2021	<u>244,018</u>	<u>7,998</u>	<u>12,683</u>	<u>239,333</u>
Total Governmental Activities	<u>\$ 1,611,329</u>	<u>\$ 15,158</u>	<u>\$ 510,852</u>	<u>\$ 1,115,635</u>
Business-Type Activities				
General Obligation Note, Series A of 2012	<u>\$ 256,728</u>	<u>\$ -</u>	<u>\$ 80,569</u>	<u>\$ 176,159</u>
Capital Lease Obligations				
Governmental Activities				
Truck, 3.82%, due September 2023	\$ 32,111	\$ -	\$ 32,111	\$ -
Ford F-550, 4.02%, due October 2026	50,941	-	16,315	34,626
John Deere Mower, 4.94%, due July 2026	<u>125,949</u>	<u>-</u>	<u>29,247</u>	<u>96,702</u>
Total Governmental Activities	<u>\$ 209,001</u>	<u>\$ -</u>	<u>\$ 77,673</u>	<u>\$ 131,328</u>
Business-Type Activities				
Golf Carts, 4.20%, due October 2023	\$ 28,527	\$ -	\$ 28,527	\$ -
Cultivator, 5.41%, due July 2024	7,928	-	5,226	2,702
Cultivator Blower, 4.94%, due July 2024	2,815	-	1,857	958
Vanguard Mower, 4.72%, due June 2026	32,425	-	9,497	22,928
Jacobson Mower, 6.99%, due January 2028	-	70,617	11,175	59,442
Smithco Sprayer, 6.99%, due April 2028	<u>-</u>	<u>65,469</u>	<u>9,391</u>	<u>56,078</u>
Total Business-Type Activities	<u>\$ 71,695</u>	<u>\$ 136,086</u>	<u>\$ 65,673</u>	<u>\$ 142,108</u>

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023 is as follows:

	Balance January 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, 2023
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 509,897	\$ -	\$ -	\$ 509,897
Construction in Progress	<u>5,202,079</u>	<u>1,272,735</u>	<u>(2,265,983)</u>	<u>4,208,831</u>
Total Capital Assets, Not Being Depreciated	<u>5,711,976</u>	<u>1,272,735</u>	<u>(2,265,983)</u>	<u>4,718,728</u>
Capital Assets, Being Depreciated				
Buildings	1,035,324	10,870	-	1,046,194
Land Improvements	144,235	-	-	144,235
Automotive Equipment	652,285	-	-	652,285
Machinery and Equipment	940,707	29,424	(84,091)	886,040
Infrastructure	<u>21,015,616</u>	<u>2,486,695</u>	<u>-</u>	<u>23,502,311</u>
Total Capital Assets, Being Depreciated	<u>23,788,167</u>	<u>2,526,989</u>	<u>(84,091)</u>	<u>23,231,065</u>
Less Accumulated Depreciation:	(20,959,505)	(253,503)	84,091	(21,128,917)
Capital Assets, Being Depreciated, Net	<u>2,828,662</u>	<u>2,273,486</u>	<u>-</u>	<u>5,102,148</u>
Total Governmental Activities, Capital Assets, Net	<u>\$ 8,540,638</u>	<u>\$ 3,546,221</u>	<u>\$ (2,265,983)</u>	<u>\$ 9,820,876</u>

Depreciation expense for governmental activities was charged to functions/programs of the primary government as follows:

General Government	\$ 37,386
Public Works	
Highways	172,064
Culture and Recreation	<u>44,053</u>
Total Depreciation Expense	<u>\$ 253,503</u>

	Balance January 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, 2023
Business-Type Activities				
Capital Assets, Being Depreciated				
Building	\$ 1,892,182	\$ -	\$ -	\$ 1,892,182
Land Improvements	862,868	-	-	862,868
Automotive Equipment	27,000	-	-	27,000
Machinery and Equipment	<u>1,014,316</u>	<u>223,921</u>	<u>-</u>	<u>1,238,237</u>
Total Capital Assets, Being Depreciated	<u>3,796,366</u>	<u>223,921</u>	<u>-</u>	<u>4,020,287</u>
Less Accumulated Depreciation:	<u>(2,007,744)</u>	<u>(137,481)</u>	<u>-</u>	<u>(2,145,225)</u>
Total Business-Type Activities, Capital Assets, Being Depreciated, Net	<u>\$ 1,788,622</u>	<u>\$ 86,440</u>	<u>\$ -</u>	<u>\$ 1,875,062</u>

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 6 ACCRUED COMPENSATED ABSENCES**

The Township allows all employees to accumulate unused sick leave to a maximum of 640 hours and unused vacation time to a maximum of 160 hours. Upon termination, 25% of the maximum accumulated sick leave is paid. Upon termination, the accumulated vacation time is paid to the stated maximum.

As of December 31, 2023, the total liability for the accrued vacation and sick leave is \$69,857. The amount expected to be paid from current resources is not significant. The amount recorded in the proprietary funds is \$13,122.

A summary of changes in compensated absences is as follows:

	Balance January 1, <u>2023</u>	Net <u>Additions</u>	Net <u>Deletions</u>	Balance December 31, 2023
Governmental Activities				
Accrued Compensated Absences	\$ 46,604	\$ 10,131	\$ -	\$ 56,735
Business-Type Activities				
Accrued Compensated Absences	\$ 13,729	\$ -	\$ (607)	\$ 13,122

**NOTE 7 RETIREMENT PLANS**

*Deferred Compensation Plan*

The Township offers a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to certain Township employees. The plan permits deferral of a portion of employees' salaries until future years. The deferred compensation is not available for withdrawal until termination, retirement, death or disability.

The Township funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investment funds managed by a third-party administrator. The deferred compensation balance of \$780,811 is being held as of December 31, 2023. Total contributions for the year ended December 31, 2023 were \$63,595. Plan distributions and administrative expenses totaled \$61,159 and \$0, respectively for the year ended December 31, 2023.

The Township follows GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. GASB Statement No. 32 was adopted in response to amendments of Internal Revenue Code 457, which requires that a 457 deferred compensation plan hold all assets and income of the plan for the exclusive benefit of the participants and their beneficiaries. The Township has amended the plan to comply with the code section amendments.

*Defined Contribution Plan*

The Township Non-Uniform Employees Pension Plan (Plan) is a single-employer defined contribution plan controlled by the provisions of Ordinance 2010-04, as amended, adopted pursuant to the Second Class Township Code Act of May 1, 1993, as amended, Act of June 26, 1975, P.L. 34, No. 17, 53 P.S. 56571. The Plan is governed by the Board of Supervisors of the Township, which is responsible for the management of plan assets. The Township's contribution match to the Plan is up to 4% of each participant's salary.

At December 31, 2023, the market value of the pension fund investments was \$303,889. Total contributions for the year ended December 31, 2023 were \$52,138. Plan distributions and administrative expenses totaled \$0 and \$7,265, respectively for the year ended December 31, 2023.

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 8                    RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

**NOTE 9                    COMMITMENTS AND CONTINGENCIES**

The Township requires developers in the Township to obtain letters of credit or deposit funds, in accordance with escrow agreements, to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should one or more of these instruments expire and a default occur, it may be necessary for the Township to take over the defaulted project. Outstanding project guarantees in the form of deposited escrow funds at December 31, 2023 amount to \$13,863.

The Township participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and review by the grantor agencies; therefore, any findings or adjustment by the grantor agencies could have an effect on the related grant revenues and expenditures.

During the normal course of performing its duties to the general public which it serves, the Township is subject to numerous threatened lawsuits and claims. The Township is named in several actions where the potential liability to the Township, or a range thereof, cannot be currently determined.

During 2023, an employee of the Township submitted their resignation to the Township Supervisors. The Township Supervisors accepted the resignation. Upon acceptance of the resignation, the Township initiated the terms of the employee's contract and certain severance provisions within. Prior to the end of the fiscal year, the resignation was rescinded. The resignation was then accepted again in the subsequent fiscal year. By accepting and rescinding the resignation, the Township entered into an uncertain tax provision. The potential effect of this situation has not been determined.

**NOTE 10                  INTERFUND DUE TO/FROM AND TRANSFERS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the Statement of Net Position.

Due from and due to other funds at December 31, 2023 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 530,481	\$ -
Golf Course Fund	-	354,111
Highway Aid	14,444	-
ME2 Fund	-	150,852
Capital Projects Fund	<u>-</u>	<u>39,962</u>
Total	<u>\$ 544,925</u>	<u>\$ 544,925</u>

**LONDONDERRY TOWNSHIP**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**NOTE 10 INTERFUND DUE TO/FROM AND TRANSFERS (CONTINUED)**

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

During the year ended December 31, 2023, the Township made the following transfers:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 105,759	\$ 58,458
Golf Course Fund	-	136,665
Debt Service Fund	134,791	17,704
ME2 Fund	544,454	401,374
Capital Projects Fund	<u>471,250</u>	<u>642,053</u>
Total	<u>\$ 1,256,254</u>	<u>\$ 1,256,254</u>

**NOTE 11 DEFICIT FUND BALANCE**

At December 31, 2023, the ME2 Grant Fund had a deficit fund balance in the amount of \$112,721. This deficit will be eliminated in the future with grant funding or transfers from the General Fund if necessary.

**NOTE 12 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 24, 2025, which is the date the financial statements were available to be issued.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**LONDONDERRY TOWNSHIP**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 1,955,247	\$ 2,181,471	\$ 226,224
Licenses and Permits	91,357	340,086	248,729
Fines and Forfeitures	5,001	5,137	136
Interest, Rents and Royalties	13,787	57,452	43,665
Intergovernmental	250,411	353,773	103,362
Charges for Services	142,356	85,977	(56,379)
Contributions from Private Sector	60,911	68,911	8,000
Miscellaneous	<u>-</u>	<u>8,044</u>	<u>8,044</u>
Total Revenues	<u>2,519,070</u>	<u>3,100,851</u>	<u>581,781</u>
Expenditures			
General Government	1,282,714	1,566,129	(283,415)
Public Safety	441,558	344,378	97,180
Public Works			
Sanitation	41,415	18,332	23,083
Highways	841,927	789,101	52,826
Sewer/Water	13,862	27,406	(13,544)
Culture and Recreation	111,204	119,602	(8,398)
Debt Service:			
Principal	-	294,178	(294,178)
Interest	<u>-</u>	<u>1,891</u>	<u>(1,891)</u>
Total Expenditures	<u>2,732,680</u>	<u>3,161,017</u>	<u>(428,337)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(213,610)</u>	<u>(60,166)</u>	<u>153,444</u>
Other Financing Sources (Uses)			
Transfer Out	(400,000)	(105,759)	294,241
Transfer In	-	58,458	58,458
Gain on Sale of Assets	<u>-</u>	<u>433</u>	<u>433</u>
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(46,868)</u>	<u>353,132</u>
Net Change in Fund Balances	(613,610)	(107,034)	506,576
Fund Balances, Beginning of Year	<u>3,022,567</u>	<u>3,022,567</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,408,957</u>	<u>\$ 2,915,533</u>	<u>\$ 506,576</u>

See Independent Auditor's Report

**LONDONDERRY TOWNSHIP**  
 Budgetary Comparison Schedule – General Fund – Continued  
 For the Year Ended December 31, 2023

**Reconciliation of Budgetary Basis to GAAP:**

<u>Expenditures</u>	<u>Budgetary Basis</u>	<u>Adjustment</u>	<u>GAAP</u>
General Government	\$ 1,239,163	\$ 43,551	\$ 1,282,714
Public Safety	421,179	20,379	441,558
Public Works:			
Sanitation	41,415	-	41,415
Highways	786,579	55,348	841,927
Sewer/Water	13,862	-	13,862
Culture and Recreation	109,677	1,527	111,204
Benefits	<u>120,805</u>	<u>(120,805)</u>	<u>-</u>
	<u>\$ 2,732,680</u>	<u>\$ -</u>	<u>\$ 2,732,680</u>

See Independent Auditor's Report

**LONDONDERRY TOWNSHIP**

Notes to Required Supplementary Information – Budgetary Comparison Schedule  
For the Year Ended December 31, 2023

**NOTE 1            BUDGETARY INFORMATION**

Londonderry Township prepares annual budgets for all governmental funds using generally accepted accounting principles.

**NOTE 2            EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS**

Actual expenditures materially exceeded budget appropriations in 2023 for the following funds and functions:

General Government	\$ (283,415)
Sewer/Water	(13,544)
Culture and Recreation	(8,398)
Debt Service	(296,069)

During the year ended December 31, 2023, expenditures exceeded budget in the General Government function due to increased professional services expenses that came in higher than expectations.

During the year ended December 31, 2023, expenditures exceeded budget in the Sewer/Water function due to repairs that were not budgeted.

During the year ended December 31, 2023, expenditures exceeded budget in the Culture and Recreation function due to an unbudgeted salary increase.

During the year ended December 31, 2023, expenditures exceeded budget in the Debt Service function due to principal and interest payments that were not budgeted.

See Independent Auditor's Report

## **SUPPLEMENTAL SCHEDULES**

**LONDONDERRY TOWNSHIP**  
Combining Schedule of Balance Sheet – Non-Major Funds  
December 31, 2023

	Highway Aid <u>Fund</u>	Debt Service <u>Fund</u>	ME2 Grant <u>Fund</u>	Total Non-Major <u>Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 100,759	\$ -	\$ 100,759
Cash and Cash Equivalents – Restricted	265,027	39,413	42,976	347,416
Receivables				
Taxes	-	14,680	-	14,680
Grants	-	-	-	-
Due From (to) Other Funds	<u>14,444</u>	<u>-</u>	<u>(150,852)</u>	<u>(136,408)</u>
Total Assets	<u>\$ 279,471</u>	<u>\$ 154,852</u>	<u>\$ (107,876)</u>	<u>\$ 326,447</u>
<b>Liabilities</b>				
Accounts Payable	\$ 271	\$ -	\$ 4,845	\$ 5,116
Accrued Payroll	<u>134</u>	<u>-</u>	<u>-</u>	<u>134</u>
Total Liabilities	<u>405</u>	<u>-</u>	<u>4,845</u>	<u>5,250</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	<u>-</u>	<u>10,282</u>	<u>-</u>	<u>10,282</u>
<b>Fund Balances</b>				
Restricted				
Highway Aid	279,066	-	-	279,066
Debt Service	-	144,570	-	144,570
ME2 Grant	<u>-</u>	<u>-</u>	<u>(112,721)</u>	<u>(112,721)</u>
Total Fund Balances	<u>279,066</u>	<u>144,570</u>	<u>(112,721)</u>	<u>310,915</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 279,471</u>	<u>\$ 154,852</u>	<u>\$ (107,876)</u>	<u>\$ 326,447</u>

See Independent Auditor's Report

**LONDONDERRY TOWNSHIP**

Combing Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds  
For the Year Ended December 31, 2023

	Highway Aid <u>Fund</u>	Debt Service <u>Fund</u>	ME2 Grant <u>Fund</u>	Total Non-Major <u>Funds</u>
Revenues				
Taxes	\$ -	\$ 335,693	\$ -	\$ 335,693
Interest, Rents and Royalties	4,959	1,755	552	7,266
Intergovernmental	227,899	-	-	227,899
Miscellaneous	<u>17,009</u>	<u>-</u>	<u>-</u>	<u>17,009</u>
Total Revenues	<u>249,867</u>	<u>337,448</u>	<u>552</u>	<u>587,867</u>
Expenditures				
General Government	-	515	-	515
Public Safety	-	49,799	-	49,799
Public Works				
Highways	285,766	-	-	285,766
Debt Service				
Principal	139,508	130,192	-	269,700
Interest	<u>9,212</u>	<u>12,955</u>	<u>-</u>	<u>22,167</u>
Total Expenditures	<u>434,486</u>	<u>193,461</u>	<u>-</u>	<u>627,947</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(184,619)</u>	<u>143,987</u>	<u>552</u>	<u>(40,080)</u>
Other Financing Sources (Uses)				
Transfer Out	-	(134,791)	(544,454)	(679,245)
Transfer In	<u>-</u>	<u>17,704</u>	<u>401,374</u>	<u>419,078</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(117,087)</u>	<u>(143,080)</u>	<u>(260,167)</u>
Net Change in Fund Balances	(184,619)	26,900	(142,528)	(300,247)
Fund Balances, Beginning of Year	<u>463,685</u>	<u>117,670</u>	<u>29,807</u>	<u>611,162</u>
Fund Balances, End of Year	<u>\$ 279,066</u>	<u>\$ 144,570</u>	<u>\$ (112,721)</u>	<u>\$ 310,915</u>

See Independent Auditor's Report