

**LOWER PAXTON TOWNSHIP
DAUPHIN COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

LOWER PAXTON TOWNSHIP
YEAR ENDED DECEMBER 31, 2024
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lower Paxton Township
Harrisburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Paxton Township (the "Township"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 the Township as of December 31, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than



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for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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.

Adoption of Governmental Accounting Standards Board Principles

As discussed in Note 1 to the financial statements in 2024, the Township adopted certain requirements of GASB Statement No. 99, "Omnibus 2022", the provisions of GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62" and GASB Statement No. 101, "Compensated Absences". Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison information; schedules of changes in net pension liability and related ratios and employer contributions; schedules of investment returns for the pension and OPEB plans, schedules of changes in net OPEB liability and related ratios, schedule of employer contributions-OPEB on pages 4-17, 70, 71-73, 74-76, 77, 78 and 79 respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial



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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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and the schedule of operating expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2025 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFSKA AXELROD LLC

July 3, 2025
Harrisburg, Pennsylvania

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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INTRODUCTION

The Management's Discussion and Analysis ("MD&A") is a component of the reporting model adopted by the Government Accounting Standards Board ("GASB"), as referenced in Statement No. 34 issued in June 1999. The intent of the MD&A is to summarize Lower Paxton Township's ("Township") financial performance as a whole, in part, using comparative information from the current year analyzed against prior years.

The MD&A presents a narrative overview and analysis of the Township's financial performance for the fiscal year ended December 31, 2024. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2024.

The financial statements of Lower Paxton Township include the financial position and results of operations of the Township and the Lower Paxton Township Authority ("Authority"), which is a blended component unit of the Township.

FINANCIAL HIGHLIGHTS

The following items detail the Township's financial highlights for the fiscal year ended December 31, 2024:

- The Township's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended December 31, 2024 by \$120,289,013 (net position). The net position increased by \$9,920,534 primarily related to significant, continued growth in earned income tax and favorable dividends from health and workers compensation insurance. The majority of the Township's net position (\$87,293,845 or 72%) is invested in capital assets and is not available for future spending.
- Governmental fund balances increased from \$22,859,359 to \$25,293,258 primarily related to significant, continued growth in earned income tax and favorable dividends from health and workers compensation insurance.
- The Township's solid waste and recycling contact executed for July 2023 through June 2028 included the Township taking over billing, collection, and customer service activities previously managed by the contractual hauler. While the fund balance generated from the operations was nominal (\$141,956), General Fund revenues and expenditures increased by \$7,572,218 and \$7,430,262, respectively, from those new Township operations.
- The Township established and began funding an other post-employment benefits plan ("OPEB") for police retiree health insurance in 2023. Contributions of \$400,000 and \$750,000 were made in 2024 and 2023, respectively, to more aggressively invest funds towards managing the long-term liability.

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- New lease and subscription liability arrangements authorized by the Township totaled \$890,618 for 2024. The Authority issued additional bond debt in 2024 totaling \$14,670,000 for sewer capital projects. The Authority continued to draw on available proceeds from the 2019 PennVest loan (\$240,231) and utilize unspent bond proceeds from 2020A series issuances for continued sewer and from 2022 series issuances for continued stormwater infrastructure projects. Net decrease in outstanding bond and loan debt for 2024 was \$694,211.
- The Township's bond rating remains at Aa2, as set by Moody's Investors Service, denoting a very strong capacity to meet financial commitments.
- Significant sewer and stormwater infrastructure investment continued in 2024, with net additions to capital assets totaling \$11,276,343 for the Township.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section is intended to serve as an introduction to the Township's basic financial statements which are comprised of the following components: management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the financial statements. The report also contains other required supplementary information related to pension and OPEB plans and combining schedules for certain funds. The financial statements are organized to provide an understanding of the Township as an entire operating entity, while also providing a detailed look at specific financial activities.

Government-wide statements

The government-wide financial statements of the Township are divided into two categories: governmental activities and business activities. The government-wide statements report information about the Township and its blended component unit using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is paid or received. The two government-wide statements report the Township's net position and how it has changed. An increase or decrease in the Township's net position is an indication of whether its financial health overall is improving or deteriorating. The sole business-type activity of the Township is the Authority.

Fund financial statements

The Township's fund financial statements provide more detailed information about the most significant funds, not the Township as a whole. The fund financial statements include:

- *Governmental funds* financial statements, which explain how services, such as public safety and public works, are financed. The major governmental funds include the General Fund and General Improvement Fund. The nonmajor funds include the Community Development Block Grant, Fire Equipment Capital, and State Highway Aid.
- *Enterprise funds* financial statements offer information about the activities that the Township operates

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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like a business. There is one Township enterprise fund: the Authority.

- *Fiduciary funds* financial statements reflect activities involving resources that are held by the Township as trustee for others. The Township has one Length of Service Award Program ("LOSAP") fund for volunteer firefighter and fire police officers, two employee pension funds: one covering sworn police officers and one for full-time, non-uniformed employees, one OPEB fund for sworn police officer benefits (new in 2023), and one custodial fund for County real estate taxes processed through the elected tax collectors account in the Township's name. Fiduciary funds are not reflected in the government-wide statements because resources cannot be used to support the Township's operations.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Table A-1 is a condensed summary of the statement of net position:

Table A-1
Statements of net position
December 31, 2024 and 2023

	2024			2023		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Current and other assets	\$ 26,546,119	\$ 59,021,268	\$ 85,567,387	\$ 27,039,047	\$ 47,913,815	\$ 74,952,862
Capital assets	<u>56,372,583</u>	<u>196,526,770</u>	<u>252,899,353</u>	<u>52,858,965</u>	<u>188,764,045</u>	<u>241,623,010</u>
Total assets	<u>82,918,702</u>	<u>255,548,038</u>	<u>338,466,740</u>	<u>79,898,012</u>	<u>236,677,860</u>	<u>316,575,872</u>
Deferred outflows of resources	<u>7,611,178</u>	<u>2,144,529</u>	<u>9,755,707</u>	<u>11,120,977</u>	<u>2,245,448</u>	<u>13,366,425</u>
Current portion of liabilities	<u>6,434,189</u>	<u>14,858,021</u>	<u>21,292,210</u>	<u>6,098,229</u>	<u>10,997,904</u>	<u>17,096,133</u>
Long-term portion of liabilities	<u>29,093,026</u>	<u>167,408,195</u>	<u>196,501,221</u>	<u>34,048,702</u>	<u>157,703,999</u>	<u>191,752,701</u>
Total liabilities	<u>35,527,215</u>	<u>182,266,216</u>	<u>217,793,431</u>	<u>40,146,931</u>	<u>168,701,903</u>	<u>208,848,834</u>
Deferred inflows of resources	<u>9,840,003</u>	<u>-</u>	<u>9,840,003</u>	<u>10,424,984</u>	<u>-</u>	<u>10,424,984</u>
Net position:						
Net investment in capital assets	<u>41,360,563</u>	<u>45,933,288</u>	<u>87,293,851</u>	<u>35,955,313</u>	<u>39,261,090</u>	<u>75,216,403</u>
Restricted	<u>2,882,083</u>	<u>860,760</u>	<u>3,742,843</u>	<u>4,190,692</u>	<u>-</u>	<u>4,190,692</u>
Unrestricted	<u>920,016</u>	<u>28,632,303</u>	<u>29,552,319</u>	<u>301,069</u>	<u>30,960,315</u>	<u>31,261,384</u>
Total net position	<u>\$ 45,162,662</u>	<u>\$ 75,426,351</u>	<u>\$ 120,589,013</u>	<u>\$ 40,447,074</u>	<u>\$ 70,221,405</u>	<u>\$ 110,668,479</u>

Over time, net position may serve as a useful indication of a government's financial position. In the case of the Township, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$121,863,135 as of December 31, 2024. The largest portion of the Township's net position, \$87,293,851 or 72%, is net investment in capital assets which reflects total capital assets offset by debt incurred to acquire the assets. Restricted net position of \$2,882,083 or 2%, primarily represents third-party escrows and unspent restricted grants and contributions for specified purposes. The remaining balance of net position is \$31,687,201 or 26%,

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

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which represents resources that may be used (or are needed) to meet the government's ongoing obligations to its citizens.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column of the statement of activities. Specific charges, grants and subsidies that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by general revenues. The two largest sources of general revenues are earned income tax and real estate tax.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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Table A-2 takes the information from the statement of activities and rearranges it to depict the changes in net position.

Table A-2
Statements of changes in net position
December 31, 2024 and 2023

	2024			2023		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Revenues:						
Program revenues:						
Charges for service	\$ 8,247,045	\$ 21,024,668	\$ 29,271,713	\$ 5,859,289	\$ 21,353,622	\$ 27,212,911
Grants and contributions	9,458,431	1,000,000	10,458,431	8,993,178	-	8,993,178
General revenues:						
Taxes	21,011,571	-	21,011,571	20,228,544	-	20,228,544
Interest revenue	1,451,340	2,188,143	3,639,483	1,383,355	1,904,302	3,287,657
Gain on sale of capital assets	-	-	-	-	550,076	550,076
License and permits	2,222,945	-	2,222,945	1,015,186	-	1,015,186
Fines and forfeitures	270,244	-	270,244	251,955	-	251,955
Contributed Capital	300,000	-	300,000	-	-	-
Contributions	63,481	-	63,481	56,257	-	56,257
Developer contributions	1,100,978	1,222,456	2,323,434	1,128,045	813,618	1,941,663
Miscellaneous	10,954	-	10,954	2,340	-	2,340
Transfers	<u>(579,991)</u>	<u>579,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>43,556,998</u>	<u>26,015,258</u>	<u>69,572,256</u>	<u>38,918,149</u>	<u>24,621,618</u>	<u>63,539,767</u>
Expenses:						
General government	2,635,473	-	2,635,473	1,669,839	-	1,669,839
Police department	13,018,366	-	13,018,366	12,201,805	-	12,201,805
Fire and ambulance	2,343,284	-	2,343,284	1,993,039	-	1,993,039
Community development	1,401,925	-	1,401,925	1,319,295	-	1,319,295
Health and Sanitation	8,633,043	-	8,633,043	3,786,856	-	3,786,856
Public works	7,629,577	-	7,629,577	7,773,636	-	7,773,636
Parks and recreation	2,832,321	-	2,832,321	2,701,952	-	2,701,952
Interest	347,421	-	347,421	396,094	-	396,094
Lower Paxton Township Authority	<u>-</u>	<u>20,810,312</u>	<u>20,810,312</u>	<u>-</u>	<u>21,158,159</u>	<u>21,158,159</u>
Total expenses	<u>38,841,410</u>	<u>20,810,312</u>	<u>59,651,722</u>	<u>31,842,516</u>	<u>21,158,159</u>	<u>53,000,675</u>
Increase in net position	<u>4,715,588</u>	<u>5,204,946</u>	<u>9,920,534</u>	<u>7,075,633</u>	<u>3,463,459</u>	<u>10,539,092</u>
Net position at beginning of year	<u>40,447,074</u>	<u>70,221,405</u>	<u>110,668,479</u>	<u>33,371,441</u>	<u>66,757,946</u>	<u>100,129,387</u>
Net position at end of year	<u>\$ 45,162,662</u>	<u>\$ 75,426,351</u>	<u>\$ 120,589,013</u>	<u>\$ 40,447,074</u>	<u>\$ 70,221,405</u>	<u>\$ 110,668,479</u>

During the current fiscal year, net position for governmental activities increased \$4,715,588, primarily the result of continued, significant increases in earned income tax and interest income revenues. The net position of the business-type activities increased \$5,204,946, with sewer and stormwater user fees outpacing operating costs along with large receipts of grant monies and significant developer contributions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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FINANCIAL ANALYSIS OF THE TOWNSHIP FUNDS

Governmental Funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net spendable, "available" resources at the end of the fiscal year.

At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$25,293,258, of which \$3,373,178 was in nonspendable form (e.g., deposits and prepaid expenses), \$2,882,083 was externally restricted, such as by legal restrictions or intention of grantors, donors, or trustees, and \$4,343,090 was assigned, primarily for earmarked capital projects and 2024 budgetary reserve needs. The remaining \$14,694,907 (58%) is unassigned and can be used for any lawful purpose, the majority of which is from the General Fund – the Township's primary operating fund.

The condensed changes in fund balance for the General Fund were as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Revenues	\$ 36,773,524	\$ 32,774,720
Expenditures	35,496,488	32,579,344
Net other financing sources (uses)	<u>111,141</u>	<u>549,068</u>
Net changes in fund balances	<u>\$ 1,388,177</u>	<u>\$ 744,444</u>

From 2023 to 2024, the Township experienced an increase in both revenues and expenditures of \$3,998,804 and \$2,917,144, respectively, largely driven by the first full year of solid waste and recycling collection. Finally, other financing sources (uses), typically insignificant, were larger in 2023 relative to lease liability issuance proceeds.

Enterprise Funds

The Township's enterprise funds, limited to the Authority, provide the same type of information found in the government-wide financial statements summarized earlier. As of December 31, 2024, the net position of the Authority totaled \$75,426,351, an increase of \$5,204,946 from 2023. Total operating revenues slightly decreased in 2024 by \$310,170 with steady collection of sewer and stormwater customer charges. Operating expenses decreased in 2024 by \$942,403, primarily relative to changes in management agreement charges and an increase in other current assets (deposits paid for future periods). Finally, net nonoperating expenses decreased in 2024 by \$529,263, primarily due to growth in interest income revenues and a large grant related to capital projects.

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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GENERAL FUND BUDGETARY ANALYSIS

The original budget for the General Fund was not amended by the Township's Board of Supervisors during 2024. Overall, actual operating revenues during the current fiscal period fell short of budget by \$288,171, a result of significant, continued growth of earned income tax and interest income revenues but stunted by a 1% decline in sewer and stormwater fee revenues and inflationary pressures causing a reduction in residential and commercial new construction and permit activity.

Overall, actual expenditures were \$420,280 more than planned, primarily due to the following:

- Community Development expenditures were \$172,786 more than budget due running two software systems concurrently during transition and increased solicitor costs.
- Parks and Recreation department expenditures were more than budget by \$169,390 primarily due to the re-allocation of public works labor to the parks and recreation budget for parks maintenance and project work.
- Charges for Services revenues were \$365,513 less than budgeted due to a smaller population of customer units in billing than predicted.
- Intergovernmental revenues were \$413,305 less than budgeted largely due to vacant positions negatively impacting Management Agreement revenues

CAPITAL ASSETS

The Township's capital assets as of December 31, 2024, net of accumulated depreciation and amortization, were \$252,899,353. Capital assets consist primarily of the sewer and stormwater collection and conveyance systems and deferred capacity costs, and administrative, public safety, public works, and recreation facilities owned by the Township. The following is a summary of capital assets as of December 31, 2024 and is detailed in Note 4 to the financial statements:

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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	2024		2023	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$ 2,612,716	\$ 564,508	\$ 2,312,716	\$ 864,508
Intangibles (non depreciable)	421,850	2,740,869	421,850	2,740,869
Construction in progress	3,644,931	26,514,943	2,512,744	17,500,465
Buildings	23,640,168	1,517,541	23,577,908	1,517,541
Land improvements	10,732,823	-	8,987,683	-
Machinery and equipment	8,258,695	2,696,214	7,287,118	2,534,693
Vehicles	9,620,457	-	9,842,862	-
Infrastructure	62,913,715	213,441,209	60,242,873	216,418,524
Right-to-use assets	3,346,846	-	3,655,644	81,617
Furniture	-	40,973	-	40,973
Sewer capacity costs	-	26,929,917	-	21,144,628
Accumulated depreciation / amortization	<u>(68,819,618)</u>	<u>(77,919,404)</u>	<u>(65,982,433)</u>	<u>(74,079,773)</u>
	<u>\$ 56,372,583</u>	<u>\$ 196,526,770</u>	<u>\$ 52,858,965</u>	<u>\$ 188,764,045</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

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DEBT ADMINISTRATION

The Township's long-term debt activity for 2024 is as follows and is detailed in Note 5 to the financial statements:

Type	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
General Obligation Debt	\$ 14,505,000	\$ -	\$ (1,905,000)	\$ 12,600,000
Lease Obligation	1,624,609	781,157	(664,813)	1,740,953
Subscription Liability	146,274	109,461	(58,995)	196,740
Compensated Absences	2,567,466	418,913	-	2,986,379
Net Pension Liability	8,481,310	-	(7,033,765)	1,447,545
Net Pension Asset	(237,527)	(52,834)	-	(290,361)
Net OPEB Liability	8,641,925	-	(43,154)	8,598,771
Total Governmental Activities Long-Term Debt	\$ 35,729,057	\$ 1,256,697	\$ (9,705,727)	\$ 27,280,027
Business-Type Activities:				
General Obligation Debt	\$ 154,327,821	\$ 14,910,231	\$ (5,714,156)	\$ 163,523,896
Total Business-Type Activities Long-Term Debt	\$ 154,327,821	\$ 14,910,231	\$ (5,714,156)	\$ 163,523,896

At the end of 2024, the Township had total long-term debt, net of current maturities, in the amount of \$191,094,284, excluding Net Pension Asset. \$163,523,896 of the total debt is based on amounts under subsidy agreements with the Authority. The debt includes General Obligation Bonds as well as Pennsylvania Infrastructure Investment Authority (PennVest) loans. As of December 31, 2024, \$12,854,516 had been drawn on the 2019 PennVest loan, leaving \$423,679 (including unreleased retainage) available for capital project related costs.

The Authority agrees to pay the Township, from receipts and revenues from its sewer and stormwater systems, amounts sufficient to pay the Authority's portion of the principal and interest on the bonds and PennVest debts. The subsidy agreements contain various covenants of the Authority, including a covenant to impose and collect sewer rentals and stormwater fees in each year sufficient, with other funds, to pay the operation and maintenance expenses, including amounts due in accordance with the terms of the subsidy agreements for amounts payable for debt service on the bonds issued.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Township

The Township's 2025 adopted budget reflects the ongoing challenges meeting a balanced budget, particularly in the General Fund, as fixed expenses continue to rise, and many revenue streams continue to flatten. While the Township's residential growth has been strong over the past several years, contractual costs and inflation continue to pressure, match, or outpace these funding sources and the real estate tax millage for general purposes has remain unchanged since 2016. The 2025 budget for the General Fund was adopted utilizing \$3,076,174 in reserves (\$2,748,639 of which pertains to use of budgetary reserves generated from the ARPA funds), which would reduce carryover reserves to just over \$16,200,000 million to enter into 2026, \$1,187,000 of which relates to unspent budgetary reserves generated from the ARPA funds.

The Township continues to focus investment on strategic planning and assessment tools to aid in assessing long-term financial stress factors as expenditures rise due to inflation and contractual pressures. The Township is currently conducting a fire labor study to assess the operational need for, and the financial impact of, maintaining ten budgeted career firefighter positions. The study will help inform future budgeting and staffing decisions by analyzing compensation, benefits, and service demands.

In addition, the Township had a formal asset management plan conducted by a third party in 2024 in relation to recommendations for a roads-dedicated real estate tax millage to bridge the funding gap for Liquid Fuels spending. Further, future tax challenges remain evident as most of the township's taxable parcels are residential. This puts pressure on future tax increases due to a commercially under-developed township, with additional resources needed for public safety and capital investments.

Finally, the Township continues to finance significant capital improvements, much deferred, for investment relative to the ARPA funds received, which will ensure significant capital rehabilitation and revitalization improvements are made to the Township's parks and playgrounds, transportation, public safety, and administrative assets and infrastructure.

Authority

The Township (and Authority) is governed by a consent decree and settlement agreement with the Pennsylvania Department of Environmental Protection ("PADEP") relative to the Beaver Creek, Paxton Creek, and Spring Creek Basin interceptors for sewage overflows and hydraulic overloads in these regions and manage limitations on equivalent dwelling units ("EDU's") and connections in the respective areas. As capital improvements have been made, modeling and metering data updated, and removal rates for overflow/overload have occurred, revised long-term corrective action plans are provided to PADEP and have been approved as submitted. As of December 31, 2024, the Authority estimates that additional investments for compliance with the agreements are \$16,500,000 for Beaver Creek and \$4,500,000 for Spring Creek Basin interceptors through 2035.

The Authority also is governed by the Township's PADEP Municipal Separate Storm Sewer System ("MS4")

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

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permit, approved through April 2030, which requires the implementation of a Storm Water Management Plan to manage the conveyance and proper discharge of stormwater. As of December 31, 2024, the estimated additional MS4 capital costs relative to the plan total \$575,000. An additional \$3,825,000 is needed to fund the planned storm sewer replacement projects through 2029.

To fund the capital projects noted above, the Authority anticipates further subsidy agreements with the Township for issuance of debt financing as follows: \$5,000,000 in 2025, \$16,000,000 during the period of 2027 through 2036 for sewer projects, and for stormwater \$4,400,000 in 2027 and \$8,000,000 in 2030 for stormwater projects associated with the MS4 permit required to be renewed in May 2030.

The Authority's long-term costing and rate models assist annually in the determination of sewer and stormwater charges sufficient to meet current operating and debt-related capital needs and provide adequate operating reserves per Board directive. The adopted 2025 budget reflects no change in sewer or stormwater charges from 2024 rates. The budgets continue to reflect significant capital investments into the respective infrastructure systems relating to the consent order and MS4 management plans in effect, totaling \$14,398,500 for sewer and \$4,854,435 for stormwater.

CONTACTING THE TOWNSHIP

This financial report is designed to provide citizens, investors and creditors with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Finance Department at the Township Municipal Center, 425 Prince Street, Harrisburg, PA 17109.

LOWER PAXTON TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current			
Cash and Cash Equivalents	\$ 13,342,325	\$ 1,119,836	\$ 14,462,161
Investments	-	26,678,077	26,678,077
Receivables			
Accounts	4,674,617	-	4,674,617
Interest	22,754	32,357	55,111
Taxes	2,748,179	-	2,748,179
Lease	358,936	-	358,936
Rental and Fees	-	6,726,469	6,726,469
Other	-	1,226,149	1,226,149
Internal Balances	(517,690)	517,690	-
Prepaid Items	158,788	904,093	1,062,881
Non-Current			
Restricted Assets			
Cash and Cash Equivalents	5,467,849	18,670	5,486,519
Investments	-	21,797,927	21,797,927
Net Pension Asset	290,361	-	290,361
Capital Assets, Not Being Depreciated	6,679,497	27,079,451	33,758,948
Intangible Assets, Not Being Amortized	-	2,740,869	2,740,869
Capital Assets, Being Depreciated, net	49,693,086	149,002,316	198,695,402
Intangible Assets, Being Amortized, net	-	17,704,134	17,704,134
Total Assets	82,918,702	255,548,038	338,466,740
Deferred Outflows of Resources			
OPEB	1,014,238	-	1,014,238
Refundings	262,453	2,144,529	2,406,982
Pensions	6,334,487	-	6,334,487
Total Deferred Outflows of Resources	7,611,178	2,144,529	9,755,707
Liabilities			
Accounts Payable	2,147,716	5,927,881	8,075,597
Accrued Expenses and Withholdings	719,136	-	719,136
Accrued Interest	126,477	1,391,045	1,517,522
Developers Escrow	757,462	18,670	776,132
Due to Other Governments	-	1,622,071	1,622,071
Unearned Revenue	6,036	-	6,036
Current Portions of Long Term Liabilities			
Lease Payable	588,343	-	588,343
Debt Payable, Subject to Subsidy Agreements	-	5,898,354	5,898,354
Bonds Payable	1,985,000	-	1,985,000
Compensated Absences	20,893	-	20,893
Subscription Liability	83,126	-	83,126
Non-Current Portions of Long Term Liabilities			
Lease Payable	1,152,610	-	1,152,610
Debt Payable, Subject to Subsidy Agreements	-	157,625,542	157,625,542
Bonds Payable	10,615,000	-	10,615,000
Bond Premium	610,303	9,782,653	10,392,956
Compensated Absences	2,965,485	-	2,965,485
Subscription Liability	113,614	-	113,614
Net OPEB Liability	8,598,771	-	8,598,771
Net Pension Liability	5,037,243	-	5,037,243
Total Liabilities	35,527,215	182,266,216	217,793,431
Deferred Inflows of Resources			
OPEB	2,142,354	-	2,142,354
Pensions	7,370,036	-	7,370,036
Leases	327,613	-	327,613
Total Deferred Inflows of Resources	9,840,003	-	9,840,003
Net Position			
Net Investment In Capital Assets	41,360,563	45,933,288	87,293,851
Restricted for:			
Program Purposes	2,882,083	-	2,882,083
Capital Deposits	-	860,760	860,760
Unrestricted	920,016	28,632,303	29,552,319
Total Net Position	\$ 45,162,662	\$ 75,426,351	\$ 120,589,013

The accompanying notes are an integral part of the financial statements.

LOWER PAXTON TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government							
Governmental Activities							
General Government	\$ 2,635,473	\$ 11,280	\$ 5,292,746	\$ -	\$ 2,668,553	\$ -	\$ 2,668,553
Police	13,018,366	43,767	510,302	625,514	(11,838,783)	-	(11,838,783)
Fire and Ambulances	2,343,284	-	357,698	-	(1,985,586)	-	(1,985,586)
Community Development	1,401,925	-	-	53,594	(1,348,331)	-	(1,348,331)
Health and Sanitation	8,633,043	7,634,263	88,587	-	(910,193)	-	(910,193)
Public Works	7,629,577	-	48,449	2,437,502	(5,143,626)	-	(5,143,626)
Parks and Recreation	2,832,321	557,735	-	44,039	(2,230,547)	-	(2,230,547)
Interest on Long-Term Debt	347,421	-	-	-	(347,421)	-	(347,421)
Total Governmental Activities	38,841,410	8,247,045	6,297,782	3,160,649	(21,135,934)	-	(21,135,934)
Business-type Activities							
Lower Paxton Township Authority	20,810,312	21,024,668	-	1,000,000	-	1,214,356	1,214,356
Total Primary Government	\$ 59,651,722	\$ 29,271,713	\$ 6,297,782	\$ 4,160,649	\$ (21,135,934)	\$ 1,214,356	\$ (19,921,578)
General Revenues							
Taxes				21,011,571		-	21,011,571
Interest Revenue				1,451,340	2,188,143		3,639,483
Contributed Capital				300,000	-		300,000
Contributions				63,481	-		63,481
Developer Contributions				1,100,978	1,222,456		2,323,434
License and Permits				2,222,945	-		2,222,945
Fines and Forfeitures				270,244	-		270,244
Miscellaneous				10,954	-		10,954
Transfers				(579,991)	579,991	-	-
Total General Revenues	25,851,522	3,990,590	29,842,112				
Change in Net Position							
Net Position - Beginning				4,715,588	5,204,946		9,920,534
Net Position - Ending				40,447,074	70,221,405		110,668,479

LOWER PAXTON TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	<u>General Fund</u>	<u>General Improvement</u>	<u>Non-Major Funds</u>	<u>TOTAL</u>
<u>Assets</u>				
Unrestricted Cash and Cash Equivalents	\$ 12,840,457	\$ 501,868	\$ -	\$ 13,342,325
Restricted Cash and Cash Equivalents	815,538	-	4,652,311	5,467,849
Receivables:				
Accounts	3,106,373	1,514,650	53,594	4,674,617
Interest	13,778	1,277	7,699	22,754
Lease	358,936	-	-	358,936
Taxes	2,653,160	-	95,019	2,748,179
Due From Other Funds	3,167,405	-	-	3,167,405
Prepaid Items	145,524	-	3,227,654	3,373,178
Total Assets	<u>\$ 23,101,171</u>	<u>\$ 2,017,795</u>	<u>\$ 8,036,277</u>	<u>\$ 33,155,243</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,649,173	\$ 172,323	\$ 326,220	\$ 2,147,716
Accrued Expenses and Withholdings	714,673	-	4,463	719,136
Due to Other Funds	-	579,991	3,105,104	3,685,095
Unearned Revenue	6,036	-	-	6,036
Developers Escrows	757,462	-	-	757,462
Total Liabilities	<u>3,127,344</u>	<u>752,314</u>	<u>3,435,787</u>	<u>7,315,445</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue - Property Taxes	158,099	-	60,828	218,927
Leases	327,613	-	-	327,613
Total Deferred Inflows of Resources	<u>485,712</u>	<u>-</u>	<u>60,828</u>	<u>546,540</u>
<u>Fund Balances</u>				
Nonspendable	145,524	-	3,227,654	3,373,178
Restricted	463,351	1,106,724	1,312,008	2,882,083
Assigned	4,184,333	158,757	-	4,343,090
Unassigned	14,694,907	-	-	14,694,907
Total Fund Balances	<u>19,488,115</u>	<u>1,265,481</u>	<u>4,539,662</u>	<u>25,293,258</u>
Total Liabilities and Fund Balances	<u>\$ 23,101,171</u>	<u>\$ 2,017,795</u>	<u>\$ 8,036,277</u>	<u>\$ 33,155,243</u>

LOWER PAXTON TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total Fund Balances for Governmental Funds	\$ 25,293,258
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Total net assets reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital amounts totaling \$3,214,390 were recorded as prepaid expenditures in the Balance Sheet - Governmental Funds due to the extended construction timeline and full payment being made in advance. These amounts were reclassified as construction in progress on the Statement of Net Position. The related assets include:

Non-depreciable assets	3,465,107
Depreciable assets, net of accumulated depreciation of \$68,819,618	<u>49,693,086</u>
 Total Capital Assets	 53,158,193

Some of the Township's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue-property taxes in the funds. 218,927

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances as of December 31, 2024 are:

Compensated Absences	(2,986,378)
Accrued Interest on Bonds and Loan	(126,477)
Deferred Charges on Refundings	262,453
Bond (Premium)/Discount, Net	(610,303)
Bonds Payable	(12,600,000)
Lease Payable	(1,740,953)
Subscription Liability	(196,740)
Deferred Outflows of Resources - Pensions	6,334,487
Deferred Inflows of Resources - Pensions	(7,370,036)
Deferred Outflows of Resources - OPEB	1,014,238
Deferred Inflows of Resources - OPEB	(2,142,354)
Net Pension Liability	(5,037,243)
Net Pension Asset	290,361
Net OPEB Liability	<u>(8,598,771)</u>
	<u>(33,507,716)</u>

Total Net Position of Governmental Activities	<u>\$ 45,162,662</u>
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LOWER PAXTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>General</u>	<u>General Improvement</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 18,860,732	\$ -	\$ 2,188,675	\$ 21,049,407
Licenses and Permits	2,196,368	26,577	-	2,222,945
Fines and Forfeitures	270,244	-	-	270,244
Interest and Rents	1,150,534	79,955	220,851	1,451,340
Intergovernmental	6,297,781	1,455,312	1,705,338	9,458,431
Charges for Services	7,957,430	289,615	-	8,247,045
Contributions and Donations	29,481	34,000	-	63,481
Miscellaneous Income	10,954	-	-	10,954
 Total Revenues	 36,773,524	 1,885,459	 4,114,864	 42,773,847
Expenditures				
General Government	2,031,004	139,657	-	2,170,661
Police	12,959,934	646,976	-	13,606,910
Fire and Ambulance	459,394	-	1,577,906	2,037,300
Community Development	1,348,839	3,478	43,667	1,395,984
Health and Sanitation	8,307,912	-	-	8,307,912
Public Works	5,748,854	323,960	1,198,653	7,271,467
Parks and Recreation	2,079,935	686,621	-	2,766,556
Debt Service				
Principal	2,146,313	-	482,495	2,628,808
Interest	414,303	-	86,560	500,863
 Total Expenditures	 35,496,488	 1,800,692	 3,389,281	 40,686,461
Excess of Revenues Over (Under) Expenditures	1,277,036	84,767	725,583	2,087,386
Other Financing Sources (Uses)				
Transfers Out	(472,321)	(579,991)	(305,410)	(1,357,722)
Transfers In	-	468,348	309,383	777,731
Lease Proceeds	469,060	-	312,097	781,157
Subscription Proceeds	109,461	-	-	109,461
Sale of Capital Assets	4,941	-	30,945	35,886
 Total Other Financing Sources	 111,141	 (111,643)	 347,015	 346,513
Net Changes in Fund Balances	1,388,177	(26,876)	1,072,598	2,433,899
Fund Balances - Beginning of year	18,099,938	1,292,357	3,467,064	22,859,359
Fund Balances - End of year	\$ 19,488,115	\$ 1,265,481	\$ 4,539,662	\$ 25,293,258

LOWER PAXTON TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 2,433,899

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$4,407,842 exceeded depreciation (\$4,043,625), \$300,000 capital contributions and net deletions (\$364,989) in the current period. Capital amounts totaling \$3,214,390 were recorded as prepaid expenditures in the Balance Sheet - Governmental Funds due to the extended construction timeline and full payment being made in advance. These amounts were reclassified as construction in progress on the Statement of Net Position.

299,228

The issuance and repayment of debt principal and payments for other long-term obligations are expenditures in the governmental funds but reduce the liabilities in the statement of net position.

Debt Issued:

Leases	(781,157)
Subscription	(109,461)

Repayments:

Bonds	1,905,000
Leases	664,813
Subscription	<u>58,995</u>

Net Adjustment 1,738,190

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unavailable real estate tax revenue from December 31, 2023 to December 31, 2024.

(37,836)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes in compensated absences, accrued interest, deferred charges, bond (premium)/discount, pension expense, and OPEB expense.

Compensated Absences	(418,912)
Accrued Interest on Bonds	4,994
Deferred Charges on Refunding	(12,351)
Bond (Premium)/Discount	160,799
Pension Expense	442,126
OPEB Expense	<u>105,451</u>

282,107

\$ 4,715,588

LOWER PAXTON TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

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	Business Type Activities
	Enterprise Funds
	Lower Paxton Township Authority
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,119,836
Investments	26,678,077
Receivables	
Interest	32,357
Rentals and Fees - Unbilled	5,423,335
Rentals and Fees - Billed	1,303,134
Other	1,226,149
Prepaid	904,093
Due From Other Funds	1,340,954
Total Current Assets	<u>38,027,935</u>
Noncurrent Assets	
Restricted Cash and Cash Equivalents	18,670
Restricted Investments	21,797,927
Capital Assets, Not Being Depreciated	27,079,451
Intangible Assets, Not Being Amortized	2,740,869
Capital Assets, Being Depreciated, net	149,002,316
Intangible Assets, Being Amortized, net	17,704,134
Total Noncurrent Assets	<u>218,343,367</u>
Total Assets	<u>256,371,302</u>
Deferred Outflows of Resources	
Deferred Charges on Refundings	<u>2,144,529</u>
Total Deferred Outflows of Resources	<u>2,144,529</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	5,927,881
Current Portion of Long-Term Debt, Subsidy	
Agreements with the Township	5,898,354
Accrued Interest	1,391,045
Developers Escrows	18,670
Due to Other Funds	823,264
Due to Other Governments	1,622,071
Total Current Liabilities	<u>15,681,285</u>
Noncurrent Liabilities	
Long-Term Debt, Subsidy Agreements	
with the Township, Net of Current Portion	157,625,542
Bond Premium	9,782,653
Total Noncurrent Liabilities	<u>167,408,195</u>
Total Liabilities	<u>183,089,480</u>
NET POSITION	
Net Investment in Capital Assets	45,933,288
Restricted	860,760
Unrestricted	28,632,303
Total Net Position	<u>\$ 75,426,351</u>

The accompanying notes are an integral part of the financial statements.

**LOWER PAXTON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Business Type Activities - Enterprise Funds	
Lower Paxton Township Authority	
Operating Revenues	
Rentals and Fees	\$ 20,677,161
Miscellaneous	<u>70,402</u>
Total Operating Revenues	<u>20,747,563</u>
Operating Expenses	
Cost of Sales and Service	10,201,240
Administration	<u>1,322,942</u>
Depreciation Expense	<u>3,899,607</u>
Total Operating Expenses	<u>15,423,789</u>
Operating Income	<u>5,323,774</u>
Nonoperating Revenues (Expenses)	
Interest Income	2,188,143
Tapping Fees	<u>277,105</u>
Grant Revenue	<u>1,000,000</u>
Loss on Sale of Capital Assets	<u>(43,170)</u>
Interest and Amortization, net	<u>(5,343,353)</u>
Developer Contributions	<u>1,222,456</u>
Total Nonoperating Expenses, net	<u>(698,819)</u>
Change in Net Position Before Operating Transfers	4,624,955
Transfers In	<u>579,991</u>
Net Impact of Transfers	<u>579,991</u>
Change in Net Position	5,204,946
Total Net Position - Beginning of Year	<u>70,221,405</u>
Total Net Position - End of Year	<u>\$ 75,426,351</u>

The accompanying notes are an integral part of the financial statements.

**LOWER PAXTON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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	<u>Business Type Activities - Enterprise Funds</u>
	<u>Lower Paxton Township Authority</u>
Cash Flows From Operating Activities	
Receipts from Customers and Users	\$ 19,850,158
Receipts from Miscellaneous Receipts	70,402
Payments to	
Suppliers	(5,883,792)
Lower Paxton Township	<u>(3,096,485)</u>
 Net Cash Provided by Operating Activities	 <u>10,940,283</u>
 Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(12,057,453)
Disposal of Capital Assets	51,951
Tapping Fees	277,105
Contributions	1,222,456
Bond Proceeds	14,910,231
Principal Payments on Long-term Debt	(5,714,156)
Interfund Activity	648,205
Interest Payments	<u>(6,612,426)</u>
 Net Cash Used in Capital and Related Financing Activities	 <u>(7,274,087)</u>
 Cash Flows from Investing Activities	
Purchase of Investments, net	(8,391,306)
Intergovernmental	1,000,000
Interest Income	<u>2,163,798</u>
 Net Cash Used in Investing Activities	 <u>(5,227,508)</u>
 Net Decrease in Cash and Cash Equivalents	 (1,561,312)
 Cash and Cash Equivalents, Beginning of Year	 <u>2,699,818</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 1,138,506</u>
 <u>Presented in Financial Statements as</u>	
 Cash and Cash Equivalents	\$ 1,119,836
Restricted Cash and Cash Equivalents	<u>18,670</u>
 <u>\$ 1,138,506</u>	

**LOWER PAXTON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Page 24

	<u>Business Type Activities - Enterprise Funds</u>
	<u>Lower Paxton Township Authority</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 5,323,774
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	3,899,607
Change in Assets and Liabilities	
Receivables	(1,016,417)
Accounts Payable	3,376,650
Due to Other Governments	189,414
Developers Escrows	(6,293)
Prepaid Items	<u>(826,452)</u>
Net Cash Provided by Operating Activities	<u>\$ 10,940,283</u>

**Supplemental Disclosure of Noncash Transactions
(Capital Related and Investing Activities):**

Deferred Loss on Refunding	\$ 156,183
Bond Premium	547,487
Transfer of Capital Asset	300,000

LOWER PAXTON TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	<u>Component Unit</u> Pension Trust Funds	<u>Component Unit</u> OPEB Trust Fund	<u>Custodial</u> Fund - Tax Collector Fund
Assets			
Cash	\$ 1,931,637	\$ 28,099	\$ 1,149
Receivables			
Interest	6,814	97	-
County	-	-	671,007
Miscellaneous	700	-	-
Investments, at fair value	<u>66,678,170</u>	<u>1,195,122</u>	<u>-</u>
Total Assets	<u>\$ 68,617,321</u>	<u>\$ 1,223,318</u>	<u>\$ 672,156</u>
Liabilities			
Accounts Payable	\$ 11,529	\$ -	\$ -
Due to Other Governments	-	-	671,505
Due to Individuals	-	-	651
Total Liabilities	<u>11,529</u>	<u>-</u>	<u>672,156</u>
Net Position Restricted for Pensions and OPEB	<u>\$ 68,605,792</u>	<u>\$ 1,223,318</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

LOWER PAXTON TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>Component Unit</u> <u>Pension Trust</u> <u>Fund</u>	<u>Component Unit</u> <u>OPEB Trust</u> <u>Fund</u>	<u>Custodial</u> <u>Fund -</u> <u>Tax Collector</u> <u>Fund</u>
Additions			
Contributions			
Employee	\$ 530,884	\$ -	\$ -
Employer	1,412,551	400,000	-
Employer - Commonwealth Funding	<u>1,289,769</u>	<u>-</u>	<u>-</u>
Total Contributions	<u>3,233,204</u>	<u>400,000</u>	<u>-</u>
Investment Income			
Interest and Dividends	1,792,232	29,331	-
Net Appreciation in Fair Value of Investments	<u>5,051,306</u>	<u>46,605</u>	<u>-</u>
Net Investment Gain	<u>6,843,538</u>	<u>75,936</u>	<u>-</u>
Collections			
Real Estate Taxes	<u>-</u>	<u>-</u>	<u>24,747,893</u>
Total Collections	<u>-</u>	<u>-</u>	<u>24,747,893</u>
Total Additions	10,076,742	475,936	24,747,893
Deductions			
Retirement Benefits	3,310,342	-	-
Refunds to Terminated Employees	126,200	-	-
Payments of Real Estate Tax	-	-	24,747,893
Administrative	<u>173,217</u>	<u>5,307</u>	<u>-</u>
Total Deductions	<u>3,609,759</u>	<u>5,307</u>	<u>24,747,893</u>
Changes In Net Position			
Total Net Position - Beginning of Year	6,466,983	470,629	-
Total Net Position - End of Year	<u>\$ 68,605,792</u>	<u>\$ 1,223,318</u>	<u>\$ -</u>

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Paxton Township ("Township") was incorporated in 1767. It is a second class township under the provisions of the Commonwealth of Pennsylvania's Second Class Township Code, P.L. 103, No. 69 as amended by P.L. 350, No. 60. The Township is governed by a Board of Supervisors and provides or secures the following services as authorized by the Township Code: public safety, public works, culture, recreation and community development. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A summary of the Township's significant accounting policies is as follows:

A) Reporting Entity

Consistent with the guidance contained in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.
- Legally separate organizations if the 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 Township as defined below:

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.

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.

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Township.

Fiduciary Component Units

The Township's Pension Plans ("Plans") were established to provide retirement, disability, and death benefits to eligible retirees of the Township. The Plans are included in the financial reporting entity as a fiduciary fund because the Plans are (1) considered to be a separate legal entity, (2) the Township appoints a voting majority of the governing board, and (3) the Plans impose a financial burden on the Township as it is legally obligated or has assumed an obligation to make contributions to the Plans. The Township's Other Post Employment Benefit ("OPEB") Plan ("Plan") was established to provide retirees with medical and prescription benefits. The Plan is included in the financial reporting entity as a fiduciary fund because the Plan is (1) considered to be a separate legal entity, (2) the Township appoints a voting majority of the governing board, and (3) the Plan imposes a financial burden on the Township as it is legally obligated or has assumed an obligation to make contributions to the Plan.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) Reporting Entity (Continued)

Blended Component Unit:

The Lower Paxton Township Authority ("Authority") is an operating authority responsible for acquiring, holding, constructing, improving, maintaining, operating, owning and leasing, either in the capacity of lessor or lessee, sewers, stormwater, relating systems or parts thereof. The majority of the Authority's board members are also members of the Township's Board of Supervisors. The Authority is considered a component unit due to the Township's ability to impose its will on the Authority as well as the financial benefit or burden.

The Authority operates on a calendar year ending December 31. The Authority does not prepare separate financial statements.

B) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government as a whole. For the most part, the effect of interfund activity has been removed 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 direct expenses of a given function or segment are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund 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 collected 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. Revenues from federal, state, and other grants designated for payment of specific Township expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. If time requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The General Improvement Fund is used to account for capital improvement projects throughout the Township.

The Township's enterprise funds are proprietary funds. In the fund financial statements, the proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet. The proprietary fund types operating statement presents increases (revenues) and decreases (expenses) in total net position.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets in the proprietary funds are capitalized as assets in the fund financial statements, rather than reported as an expenditure.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

The Township reports the following major proprietary fund:

- The Lower Paxton Township Authority is used to account for the fiscal activities of providing sewer and stormwater management services.

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. These include the Pension and OPEB Trust funds and Agency funds. The Pension and OPEB Trust funds are accounted for in essentially the same manner as the proprietary funds since capital maintenance is critical. The Pension and OPEB Trust funds' financial statements are prepared using the accrual basis of accounting.

Plan member 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. Agency funds are custodial in nature and do not involve measurement of results of operations.

Additionally, the Township reports the following fiduciary fund types:

- The Pension Trust Funds account for the revenue (i.e., member contributions, Township contributions, and net investment income) and the expenses (i.e., contributions refunded, retirement allowances, and death benefits paid) of the Police and Non-Uniformed Municipal Employees Pension Trust Funds and the Fireman's Length of Service Award Program ("LOSAP") fund.
- The OPEB Trust Fund accounts for the revenue and expenses related to the Township's OPEB Plan.
- The Tax Collector Fund accounts for the revenue and expenses related to the Township's Tax Collector representing financial activities of Dauphin County real estate taxes.

D) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the Township considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

• Sewer and Stormwater Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Unbilled sewer rentals receivable relate to services performed as of December 31 and not billed until the following January.

3. Investments and External Investment Pools

The Township invests its funds in various instruments, including external investment pools and certificates of deposit with federally-insured financial institutions. The Township's investments in external investment pools, as discussed in Note 2, are valued at amortized cost, which approximates fair value, and are classified as cash and cash equivalents on the balance sheet. The remainder of the Township's investments are reported at either fair value or net asset value as discussed in Note 2.

4. Restricted Assets

Restricted assets represent cash and cash equivalent balances from developers' escrow, forfeiture funds, unspent bond proceeds and fire equipment funds. As of December 31, 2024, the restricted cash balance for governmental funds was \$5,467,849.

Restricted assets for the Authority represent cash and investment balances from developers' escrow and unspent bond proceeds. As of December 31, 2024, the restricted cash balance was \$18,670 and the restricted investment balance was \$21,797,927.

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital purchases with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 4. Donated capital assets are recorded at acquisition value.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

5. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlay of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment and infrastructure assets are depreciated using the straight-line method over the following intended useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles	3 - 60
Right-To-Use	2 - 5
Infrastructure	20 - 50
Buildings	50
Land improvements	20
Machinery, equipment and vehicles	5 - 15
Sewer system / Deferred capacity	15 - 60

6. Compensated Absences

Township policy permits employees to accumulate a limited amount of earned, but unused sick, vacation and compensatory time. These benefits are payable to employees upon separation of service. All leave pay is accrued when incurred in the government-wide financial statements. There is no accrual related to the proprietary funds. A liability for these amounts is computed in compliance with GASB 101, *Compensated Absences*.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

8. Sewer Capacity Costs

The Authority participated in the construction of various facilities. This participation gave the Authority reserved rights to use a percentage of the facilities. Consequently, an asset is recorded based upon construction costs paid net of accumulated amortization of those costs, which is determined on the straight-line method over the estimated useful life of the capacity purchased.

9. Unearned Revenues

Revenues that are received but not earned are recorded as unearned revenues in the Township's financial statements. In the Township's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenues are recognized.

10. Tax Revenues

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

11. Net Position / Fund Balances

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – Amounts that are not in a spendable form (such as Inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e. Township Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same level of action to remove or change the constraint. This formal action is a Board approved Resolution.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

- *Assigned Fund Balance* – Amounts the Township intends to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance can be created by the Township Manager pursuant to authorization established by the Board of Supervisors.
- *Unassigned Fund Balance* – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the Township's policy to use restricted resources first. When expenditures are incurred for purposes of which unrestricted resources are available, and amounts in any of the unrestricted classifications could be used, it is the Township's policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the Township, not restricted for any project or other purpose.

12. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

13. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

14. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category: deferred outflows related to pensions, OPEB and refunding bonds. Deferred outflows related to pensions are described further in Notes 9 and 10. Deferred outflows related to OPEB are described further in Note 17. Deferred outflows related to leases are described further in Note 7. The components of deferred outflows are amortized into pension expense for the non-uniform, police pension and fireman's LOSAP plan over the remaining service life of participants, beginning the year in which the deferred amount occurs (current year). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has four items that qualify for reporting in this category: deferred inflows related to pensions, OPEB, leases and unavailable tax revenue. Deferred inflows related to pensions are further described in Note 9 and 10. Deferred inflows related to OPEB are further described in Note 17. Deferred inflows related to leases are further described in Note 7. The annual difference between the projected and actual earnings on investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). Unavailable tax revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Lease-related amounts are recognized at the inception of the lease. The deferred inflow of resources is recorded in amounts equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before commencement of the lease term that relate to future periods, less any incentives paid to, or on behalf of the lessee at or before commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

15. Leases

The Township is a lessee for noncancelable leases of equipment. The Township recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the government-wide financial statements. The Township recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is first measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstance that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

16. Prepaid Items

Prepaid items in the governmental funds are accounted for under the consumption method.

17. Adoption of Governmental Accounting Standards

The Township adopted the required provisions of GASB Statement No. 99, "Omnibus 2022", Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62", and Statement No. 101, "Compensated Absences". The adoption of these statements had no effect on previously reported amounts.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

18. Pending Changes in Accounting Principles

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosures." The Township is required to adopt this statement for its calendar year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, "*Financial Reporting Model Improvements*." The Township is required to adopt this statement for its calendar year 2026 financial statements.

In October 2024, the GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*". The Township is required to adopt the provisions of Statement No. 104 for its calendar year 2026 financial statements.

The Township has not yet completed the various analyses required to estimate the financial statement impact of these new pronouncements.

E) Budgets and Budgetary Accounting

Legal Requirements

Commonwealth of Pennsylvania statutes require that Township Governments establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the major and non-major funds and is based on estimates of revenues and expenditures approved by the Township Board of Supervisors. The Township adopted the 2024 budget on a modified accrual basis of accounting. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

Township Budget Process

1. At least 30 days prior to January 1, the Township Manager submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public meeting is conducted to obtain citizen comments on the proposed budget. Prior to December 31, the budget is adopted through passage of a resolution by the Board of Supervisors.
3. The Board of Supervisors is authorized to transfer unencumbered monies from one Township account to another, but no monies shall be transferred from the fund allocated for the payment of debts or from any funds raised by a special tax levy for a particular purpose. Transfers of unencumbered monies shall not be made during the first three months of the fiscal year. The Board of Supervisors may, at any time by resolution, make supplemental appropriations.
4. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are not reported; however, fund balances are assigned in amounts equal to the subsequent year's anticipated budget deficit, if any. None of the assigned fund balance resulted from an anticipated budget deficit. The Township prepares its budget on a modified accrual basis of accounting.

Level of Control

The Township maintains budgetary control at the individual fund level.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 2: DEPOSITS AND INVESTMENTS

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of December 31, 2024, the Township's cash balance was \$21,909,565 and its bank balance was \$22,288,309. Of the bank balance, \$808,076 was covered by the Federal Deposit Insurance Corporation, and \$21,480,233 was subject to custodial credit risk as it was collateralized under Act 72 "(Act)" of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits. The remaining balance was invested in external investment pools described in more detail below. The Township does not have a formal investment policy related to custodial credit risk.

As of December 31, 2024, the Township had funds totaling \$65,950,870 in the Pennsylvania Local Government Investment Trust "(PLGIT)". PLGIT issues a separately audited financial statement that is available to the public. The fair value of the Township's position in the external investment pool is equivalent to the value of the pool shares. PLGIT does not place any limitations or restrictions on withdrawals from the programs. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. As of December 31, 2024, investments in PLGIT have received an AAA rating from Standard & Poor's and have an average maturity of less than one year.

Concentration of Credit Risk – The Township limits the ownership of common equity of any one corporation to no more than 5% of the total equity portfolio or the security's weighting in the Russell 3000 Index, whichever is greater. Additionally, no more than 40% of the equity value at market may be held in any one sector, as defined by the Global Industry Classification Standard ("GICS"). As of December 31, 2024, the Township did not have any investments subject to concentration of credit risk.

Interest Rate Risk. The Authority and Pension Funds' Investment Policies do not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Township limits fixed income securities of any one issuer not to exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets shall be investment grade, based on one Nationally Recognized Statistical Rating Organization ("NRSRO"). As of December 31, 2024, the Township did not have any investments subject to credit risk.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value. The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Township's investments in mutual funds and fixed income mutual funds are valued using quoted market prices (Level 1 inputs). The Township's Pension Trust and OPEB Funds have the following recurring fair value measurements as of December 31, 2024:

		Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Pension Trust Fund	Total			
Investments by fair value level				
Mutual Funds - Equity	\$ 44,326,145	\$ 38,595,129	\$ 5,731,016	\$ -
Mutual Funds - Fixed Income	22,352,025	5,457,310	16,894,715	-
Total investments by fair value level	66,678,170	44,052,439	22,625,731	-
Investments measured at the net asset value (NAV)				
Pooled Separate Accounts ⁽¹⁾	1,938,451			
Total investments measured at NAV	1,938,451			
Total investments measured at fair value	\$ 68,616,621			
OPEB Trust Fund	Total			
Investments by fair value level				
Mutual Funds - Equity	\$ 668,314	\$ 524,224	\$ 144,090	\$ -
Mutual Funds - Fixed Income	526,808	78,706	448,102	-
Total investments by fair value level	1,195,122	602,930	592,192	-

⁽¹⁾ *Pooled Separate Accounts.* This investment represents an investment where multiple plans share in a pooled fund on a participation unit basis. The plan's interest in the account is the cumulative record of the number of participation units credited to the account and the number of units allocated or withdrawn from the account. The participation unit is adjusted periodically to reflect investment results under the separate account. The Township does not have any unfunded commitments related to these investments. There is no limit on redemption frequency, there is no required redemption notice period, and there are no redemption restrictions.

NOTE 3: REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property on January 1. Taxes are billed on March 1, payable under the following terms: 2% discount, March 1 based on the assessed value listed as of the prior December 31 for the real property located in the Township through April 30; face amount, May 1 through June 30, and 10% penalty after June 30. The County bills and collects these taxes which are subsequently remitted to the Township. Real estate taxes levied for 2024 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2024 are expected to be collected within the first 60 days of 2025 and are recognized as revenue in 2024. Net receivables estimated to be collectible subsequent to March 1 are reflected in deferred revenue. Prior years' levies are recorded using these same principles and remaining receivables are annually re-evaluated for collectability.

The rate of real estate taxation in 2024 was 1.554 mills for general purposes, 0.6365 mills for fire protection and equipment, and 0.041 mills for library funding purposes on a total Township assessed valuation of \$3,463,162,540.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 4: CAPITAL ASSETS

A summary of changes in the capital assets for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Reclassifications	Ending Balance
Governmental activities					
Capital assets not being depreciated (cost):					
Land	\$ 2,312,716	\$ 300,000	\$ -	\$ -	\$ 2,612,716
Intangibles	421,850	-	-	-	421,850
Construction in progress	2,512,744	3,884,081	(2,751,894)	-	3,644,931
Total capital assets not being depreciated	5,247,310	4,184,081	(2,751,894)	-	6,679,497
Capital assets being depreciated (cost):					
Buildings	23,577,908	62,917	(657)	-	23,640,168
Land improvements	8,987,683	1,808,340	(63,200)	-	10,732,823
Machinery and equipment	7,287,118	972,191	(359,133)	358,519	8,258,695
Vehicles	9,842,862	72,982	(410,613)	115,226	9,620,457
Infrastructure	60,242,873	2,670,842	-	-	62,913,715
Right-to-use assets	3,655,644	902,773	(737,826)	(473,745)	3,346,846
Total capital assets being depreciated	113,594,088	6,490,045	(1,571,429)	-	118,512,704
Less accumulated depreciation for:					
Buildings	(10,517,108)	(609,572)	657	-	(11,126,023)
Land improvements	(5,625,894)	(397,869)	52,700	-	(5,971,063)
Machinery and equipment	(3,216,115)	(759,203)	241,494	185,261	(3,548,563)
Vehicles	(4,963,775)	(588,794)	375,485	141,540	(5,035,544)
Infrastructure	(39,947,898)	(1,197,921)	-	-	(41,145,819)
Right-to-use assets	(1,711,643)	(490,266)	536,104	(326,801)	(1,992,606)
Total accumulated depreciation	(65,982,433)	(4,043,625)	1,206,440	-	(68,819,618)
Total capital assets being depreciated, net	47,611,655	2,446,420	(364,989)	-	49,693,086
Total capital assets, governmental activities	\$ 52,858,965	\$ 6,630,501	\$ (3,116,883)	\$ -	\$ 56,372,583

The Township recorded the purchase of three fire trucks (\$3,067,864) and a dump truck (\$146,526) as a prepaid expense due to the length of time it will take to build them. These expenditures were recorded as a prepaid expense on the Balance Sheet – Governmental Funds and as construction in progress on the Statement of Net Position.

Depreciation expense was charged to functions/programs of the Township's governmental activities as follows:

Governmental Activities	
General Government	\$ 467,323
Police	313,715
Fire and Ambulance	398,692
Community Development	5,941
Health and Sanitation	384,562
Public Works	1,750,061
Parks and Recreation	723,331
Total depreciation	\$ 4,043,625

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 4: CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated (cost):					
Land	\$ 864,508	\$ -	\$ (300,000)	\$ -	\$ 564,508
Intangibles	2,740,869	-	-	-	2,740,869
Construction in progress	17,500,465	9,272,063	(257,585)	-	26,514,943
Total capital assets not being depreciated	21,105,842	9,272,063	(557,585)	-	29,820,320
Capital assets being depreciated (cost):					
Buildings	1,517,541	-	-	-	1,517,541
Machinery and equipment	2,534,693	235,001	(73,480)	-	2,696,214
Furniture	40,973	-	-	-	40,973
Sewer system	190,833,287	1,112,754	-	(4,669,650)	187,276,391
Stormwater system	25,585,237	579,581	-	-	26,164,818
Sewer capacity	21,144,628	1,115,639	-	4,669,650	26,929,917
Right-to-use	81,617	-	(81,617)	-	-
Total capital assets being depreciated	241,737,976	3,042,975	(155,097)	-	244,625,854
Less accumulated depreciation for:					
Buildings	(623,161)	(37,939)	-	-	(661,100)
Machinery and equipment	(1,051,413)	(250,463)	7,535	-	(1,294,341)
Furniture	(22,731)	(1,084)	-	-	(23,815)
Sewer system	(60,896,755)	(2,577,916)	-	116,742	(63,474,671)
Stormwater system	(2,777,036)	(579,400)	-	-	(3,356,436)
Sewer capacity	(8,656,236)	(452,805)	-	(116,742)	(9,109,041)
Right-to-use	(52,441)	-	52,441	-	-
Total accumulated depreciation	(74,079,773)	(3,899,607)	59,976	-	(77,919,404)
Total capital assets being depreciated, net	167,658,203	(856,632)	(95,121)	-	166,706,450
Total capital assets, business-type activities	\$ 188,764,045	\$ 8,415,431	\$ (652,706)	\$	\$ 196,526,770

Depreciation expense was charged to functions/programs of the Township's business-type activities as follows:

<u>Business-type activities</u>
Lower Paxton Authority \$ 3,899,607

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 5: LONG – TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2024:

	Balance at January 1, 2024	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Governmental activities					
General obligation debt	\$ 14,505,000	\$ -	\$ (1,905,000)	\$ 12,600,000	\$ 1,985,000
Lease obligation	1,624,609	781,157	(664,813)	1,740,953	588,343
Subscription liability	146,274	109,461	(58,995)	196,740	83,126
Compensated absences	2,567,466	418,912	-	2,986,378	20,893
Net pension liability	8,481,310	-	(3,444,067)	5,037,243	-
Net pension asset	(237,527)	(52,834)	-	(290,361)	-
Net OPEB liability	8,641,925	-	(43,154)	8,598,771	-
Governmental activities long-term liabilities	<u>\$ 35,729,057</u>	<u>\$ 1,256,696</u>	<u>\$ (6,116,029)</u>	<u>\$ 30,869,724</u>	<u>\$ 2,677,362</u>
Business-type activities					
Lower Paxton Township Authority					
Long-term debt, subsidy agreements	<u>\$ 154,327,821</u>	<u>\$ 14,910,231</u>	<u>\$ (5,714,156)</u>	<u>\$ 163,523,896</u>	<u>\$ 5,898,354</u>
Business-type activities long-term liabilities	<u>\$ 154,327,821</u>	<u>\$ 14,910,231</u>	<u>\$ (5,714,156)</u>	<u>\$ 163,523,896</u>	<u>\$ 5,898,354</u>

The General Fund is used to liquidate the liabilities for debt and compensated absences in the governmental activities.

The Township had additional draws on the Pennvest Loan 2019 in the amount of \$240,231. The Pennvest Loan 2019 has an additional \$423,679 to be drawn.

Pertinent information regarding long-term debt obligations outstanding is presented below (payable from general fund tax revenues and sewer revenues):

	Original borrowing	Year of issue/maturity	Interest rates to maturity	Annual principal payments to maturity	Ending Balance
General obligation bonds					
Series of 2014	\$23,350,000	2014/2044	1.75% - 5.00%	\$800,000 to \$980,000	\$ 2,855,000
Series of 2015	14,005,000	2015/2029	2.00% - 4.00%	\$160,000 to \$2,125,000	9,785,000
Series of 2016	23,840,000	2016/2046	2.00% - 5.00%	\$685,000 to \$1,115,000	13,145,000
Series of 2019	52,040,000	2019/2044	3.00% - 4.00%	\$495,000 to \$4,975,000	48,275,000
Series of 2020A	25,970,000	2020/2050	1.00% - 4.00%	\$510,000 to \$1,450,000	23,900,000
Series of 2020B	8,665,000	2020/2027	1.00% - 4.00%	\$785,000 to \$2,390,000	2,615,000
Series of 2020C	34,760,000	2020/2046	0.51% - 2.98%	\$410,000 to \$2,555,000	33,170,000
Series of 2022	18,550,000	2022/2047	2.00% - 4.00%	\$370,000 to \$1,055,000	16,495,000
Series of 2024	14,670,000	2024/2049	3.00% - 5.00%	\$5,000 to \$1,810,000	<u>14,670,000</u>
				Total general obligation debt	<u>164,910,000</u>
Loans					
PennVest loan 2019	13,278,195	2020/2042	1.51% - 2.06%	\$330,478 to \$756,405	<u>11,213,896</u>
				Total loan	<u>11,213,896</u>
				Total long-term debt	<u>\$ 176,123,896</u>

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 5: LONG – TERM LIABILITIES (CONTINUED)

An analysis of debt service requirements to maturity on the governmental activities obligations follows:

	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2025	\$ 1,985,000	\$ 351,299	\$ 2,336,299
2026	1,850,000	282,399	2,132,399
2027	1,920,000	218,046	2,138,046
2028	1,055,000	171,701	1,226,701
2029	1,085,000	141,997	1,226,997
2030-2034	4,025,000	352,747	4,377,747
2035-2039	590,000	42,806	632,806
2040-2044	90,000	9,600	99,600
	<u>\$ 12,600,000</u>	<u>\$ 1,570,595</u>	<u>\$ 14,170,595</u>

An analysis of debt service requirements to maturity on the business-type activities obligations follows:

	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2025	\$ 5,898,354	\$ 5,595,659	\$ 11,494,013
2026	6,082,084	5,415,836	11,497,920
2027	6,243,093	5,280,983	11,524,076
2028	6,418,603	5,105,462	11,524,065
2029	6,615,654	4,906,479	11,522,133
2030-2034	36,722,989	20,957,522	57,680,511
2035-2039	43,874,190	13,884,018	57,758,208
2040-2044	31,168,929	7,132,744	38,301,673
2045-2049	19,050,000	2,185,932	21,235,932
2049-2050	1,450,000	29,000	1,479,000
	<u>\$ 163,523,896</u>	<u>\$ 70,493,635</u>	<u>\$ 234,017,531</u>

NOTE 6: DEFEASED DEBT

In prior years, the Township defeased portions of the Governmental Sewer Authority General Obligation Bonds, Series of 2014 and 2016 by placing the proceeds of new issues in irrevocable trusts to provide for all future debt service payments on the old bonds, first callable in 2024. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Township's financial statements. There has been no substitution of essentially risk-free monetary assets. As of December 31, 2024, the principal amount outstanding relative to Series of 2014 and 2016 defeased debt was \$20,040,000 and \$9,145,000, respectively.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 7: LEASES

Pertinent governmental activities information regarding leases is presented below:

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance December 31, 2024	Asset Value December 31, 2024	Accumulated Amortization
Various	\$ 4,383,879	The Township entered into several lease agreements ranging from three to five years for the acquisition and use of vehicles and equipment. Required monthly principal and interest payments range from \$130 to \$52,877. The leases have interest rates of 2.20% to 7.00%. The vehicles and equipment have estimated useful lives of 8-10 years.	\$ 1,740,953	\$ 3,346,846	\$ 1,992,606

The future principal and interest lease payments as of December 31, 2024, were as follows:

Governmental Activities				
Year Ending	Principal	Interest	Total	
2025	\$ 588,343	\$ 134,299	\$	722,642
2026	409,171	82,597		491,768
2027	293,263	56,137		349,400
2028	289,048	32,348		321,396
2029	161,128	9,450		170,578
Totals	\$ 1,740,953	\$ 314,831	\$	2,055,784

The Township, as the lessor, had entered into a lease of building space with Drayer Physical Therapy. An initial lease receivable was recorded in the amount of \$129,081. There was no additional revenue for variable and other payments not included in the measurement of the lease receivable. As of December 31, 2024, the value of the lease receivable is \$66,147 and the related deferred inflow for future payments expected to be collected on the lease is \$66,147. The lessee is required to make monthly fixed payments of \$5,692 through December 2025. The lease has an interest rate of 6.0%. The Township did not recognize lease revenue and interest during the calendar year.

The Township, as the lessor, had entered into a lease of small cell phone towers with the Cellco Partnership. An initial lease receivable was recorded in the amount of \$324,979. There was no additional revenue for variable and other payments not included in the measurement of the lease receivable. As of December 31, 2024, the value of the lease receivable is \$292,789 and the related deferred inflow for future payments expected to be collected on the lease is \$292,789. The lessee is required to make monthly fixed payments of \$25,200 through May 2041. The lease has an interest rate of 4.6%. The Township recognized lease revenue and interest of \$4,752 and \$13,984, respectively for the calendar year.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 8: DEFERRED COMPENSATION

The Township, in accordance with the Board of Supervisors' approval, offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) ("plan"). The plan is available to all Township employees. The plan permits employees to defer a portion of their salary until future years, which the employees are fully vested in upon contribution, with no forfeiture provision. The Township does not contribute to the deferred compensation plan. Employees can defer the lesser of \$19,500, and up to an additional \$6,500 catch-up for employees age 50 or over, or 100% of their includable salaries over the plan year. Employee contributions made to the plan for the year ended December 31, 2024 were \$640,261.

All amounts of compensation deferred under the plan and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted for any other purpose. The plan administrator, Empower Retirement, is the trustee of the investments.

NOTE 9: EMPLOYEES RETIREMENT PLANS

A. Plan Description

Administration. The Township has two single employer defined benefit pension plans, one covering uniformed police and the other covering non-uniformed employees, including Authority Unit employees. Employees become eligible for participation in a plan upon employment and become fully vested after twelve years of service in the Police Pension Plan and nine years of service in the Non-Uniformed Pension Plan ("Township Unit"), unless the employee is a participant in the Authority Unit in which vesting occurs 30% after three years of service, increasing by 10% each year until becoming fully vested after ten years. The Police Pension Plan was established by municipal ordinance with the authority for municipal contributions required by Act 205, of the Pennsylvania legislature. The Non-Uniformed Pension Plan was established and is controlled through Township ordinances. The Board of Supervisors established and may amend benefit terms through labor agreements negotiated by the Township. Both plans are reported as pension trust funds in the statement of fiduciary net position and changes therein. The plans do not issue stand-alone financial reports.

Non-Uniformed Pension Plan

Plan Membership. As of December 31, 2024, participants in the plans consisted of the following:

Participants:	Non- Uniformed
Retirees and beneficiaries currently receiving benefits	57
Terminated employees entitled to benefits but not yet receiving them	7
Active Employees	90

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Non-Uniformed Pension Plan (continued)

Plan Benefits. The benefits provided by the Non-Uniformed Pension Plan are based upon average monthly compensation, age and length of service. A summary of plan benefits is as follows:

Non-Uniformed	
Normal retirement eligibility	Township Unit employees, hired on or after January 1, 2013 - age 65 with 10 years of service; Township Unit employees, hired before January 1, 2013 - the earliest of age 65 with 10 years of service or 60 with 15 years of service; Authority employees - age 65 with 10 years of service.
Average compensation period	36 months
Early retirement eligibility	Township Unit employees, hired on or after January 1, 2013 - age 60 with 15 years of service; Township Unit employees, hired before January 1, 2013 - age 55 with 15 years service; Authority employees - age 55 with 10 years of service.
Vesting	Township Unit employees - 100% after completion of 9 years of service; Authority Unit employees - 30% after 3 years of service, increasing 10% each year up to 100% after 10 years of service.
Normal forms of benefits	Life
Normal retirement benefits	A monthly benefit equal to 2% of final average monthly compensation averaged over the final 36-month period prior to retirement multiplied by years of service (maximum 27 years).
Early retirement benefits	The normal retirement benefit calculated at termination is payable at early retirement, actuarially reduced for commencement prior to normal retirement. Employees (other than Authority Unit employees) who terminate more than 15 years prior to normal retirement may elect instead the greater of a refund of contributions plus interest or the actuarial equivalent of the deferred monthly benefit of a lump sum of \$25,000 or less.
Disability benefit	Authority Unit employees - Accrued benefit at date of disability, actuarially reduced for commencement prior to normal retirement.
Death benefit	<u>Before vesting</u> - refund of contributions plus interest, if any. <u>After vesting, before retirement</u> - the surviving spouse will receive the survivor portion of the participant's accrued benefit after reduction to an actuarial equivalent joint and 50% survivor benefit and reduction for commencement prior to normal retirement, payable at early retirement. <u>After retirement</u> - the normal form of payment is a life annuity. At retirement, the participant may select an optional form of benefit payment that is an actuarial equivalent of the normal form.
Cost of living adjustment	None
Service increment	None

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Non-Uniformed Pension Plan (continued)

B. Contributions

The Township's non-uniformed employees (except for former Authority employees who are required to contribute 2.40% and who receive a different level of benefits) are required to contribute 3.50% of annual pensionable compensation, but only for the first 27 years of service. The Township is required to contribute the remaining amount necessary to fund the plan using the entry age normal cost method. The Township funds its contributions with general fund cash and foreign casualty insurance premium taxes obtained from the Commonwealth of Pennsylvania.

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation ("MMO") to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated contributions. The actuarially determined contribution for the MMO to the Pension Trust Fund was \$835,791 which was funded by the Township through Township contributions. Employee contributions in 2024 totaled \$203,486.

C. Net Pension Liability

The total pension (asset) liability was based on an actuarial valuation dated January 1, 2023 and update procedures were used to roll-forward the total pension (asset) liability to the December 31, 2024 measurement date. The components of the net pension asset of the Township as of December 31, 2024, were as follows:

Total pension liability	\$ 28,584,457
Plan fiduciary net position	<u>(28,499,219)</u>
Net pension liability	<u><u>\$ 85,238</u></u>
Plan fiduciary net position as a percentage of the total pension liability	99.7%

The schedule of changes in the net pension (asset) liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about the plan.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Non-Uniformed Pension Plan (Continued)

C. Net Pension Liability (continued)

The components and changes in the Township's net pension liability for the Non-Uniformed Pension Plan for the year ended December 31, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2023	<u>\$27,419,931</u>	<u>\$25,994,101</u>	<u>\$ 1,425,830</u>
Service Cost	713,718	-	713,718
Interest Cost	1,785,978	-	1,785,978
Changes for Experience		-	-
Contributions - Employer	-	835,791	(835,791)
Contributions - Member	-	203,486	(203,486)
Net Investment Income	-	2,812,944	(2,812,944)
Benefit Payments, including			
Refunds of Member Contributions	(1,335,170)	(1,335,170)	-
Administrative Expense	<u>-</u>	<u>(11,933)</u>	<u>11,933</u>
Net Changes	<u>1,164,526</u>	<u>2,505,118</u>	<u>(1,340,592)</u>
Balances at December 31, 2024	<u><u>\$28,584,457</u></u>	<u><u>\$28,499,219</u></u>	<u><u>\$85,238</u></u>

As of December 31, 2024, the plan fiduciary net position as a percentage of the total pension liability was 99.7%.

As of December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to the Non-Uniformed Pension Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ 949,666</u>
Change in assumptions	310,770	-
Net difference between projected and actual investment earnings	<u>2,214,449</u>	<u>2,212,614</u>
Total	<u><u>\$ 2,525,219</u></u>	<u><u>\$ 3,162,280</u></u>

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Non-Uniformed Pension Plan (Continued)

C. Net Pension Liability (continued)

The total pension expense recognized in 2024 for the Non-Uniformed Pension Plan was \$576,230. The deferred outflows of resources and the deferred inflows of resources will be recognized in pension expense as follows:

Year ended	
2025	\$ 162,683
2026	376,167
2027	(737,447)
2028	(386,452)
2029	<u>(52,012)</u>
 Total	<u>\$ (637,061)</u>

D. Actuarial Assumptions

The Township's Non-Uniformed net pension liability was measured as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.75% including inflation
Expected long-term rate of return	6.50% net of investment expenses not funded through the MMO

Mortality rates were based on the 2010 Public Plan – Public General ("PubG-2010") mortality tables and mortality improvement projected from the base year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

The long-term expected rate of return on the Non-Uniformed Pension Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investments expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Equity	65%	4.68% - 8.23%
Fixed income	33%	1.70% - 3.12%
Cash	2%	.47% - 1.07%

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Non-uniform Pension Plan (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the MMO. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 6.50%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 3,444,719	\$ 85,238	\$ (2,748,998)

G. Rate of return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments was 10.96%. The money-weighted rate of return expresses investment performance, net of investment expenses, not funded through the MMO.

Police Pension Plan

As of December 31, 2024, participants in the Police Pension Plan consisted of the following:

Participants:	Police
Retirees and beneficiaries currently receiving benefits	53
Terminated employees entitled to benefits but not yet receiving them	4
Active Employees	60

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Police Pension Plan (Continued)

A. Plan benefits:

The benefits provided by the Police Pension Plan is based upon average monthly compensation, age and length of service. A summary of plan benefits is as follows:

Police Pension	
Normal retirement eligibility	Age 50 with 25 years of service.
Average compensation period	36 months
Early retirement eligibility	N/A
Vesting	100% after completion of 12 years of service
Normal forms of benefits	Life
Normal retirement benefits	A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$20 for each year of service in excess of 25 years, up to a maximum of \$100.
Early retirement benefits	N/A
Disability benefit	50% of the participant's final monthly average salary at disability/retirement, but no less than 50% of the member's salary at time disability incurred, offset by Social Security disability benefits for same
Death benefit	<u>Before vesting</u> - refund of contributions with interest. <u>After vesting, before retirement</u> - refund of contributions, plus interest or if married 50% of the participant's accrued benefit at the date of death, commencing at participant's normal retirement date. <u>After retirement</u> - 50% of the pension the participant was receiving or was entitled to receive. Survivor benefits - payable for life for spouse, if no spouse or spouse later dies, benefit to children until age 18, or age 23 if attending college.
Cost of living adjustment	Effective on first anniversary of retirement, retiree will receive an increase in the monthly benefit equal to the lesser of 2% or the increase in CPI, until a maximum of 2% increase is reached.
Service increment	\$20 for each completed year of service in excess of 25 years up to a maximum of \$100.

B. Contributions

When plan contributions are required, the Township police employees are required to contribute 5% of annual pensionable compensation. The Township is required to contribute the remaining amount necessary to fund the plan using the entry age normal cost method. The Township funds its contributions with general fund cash and foreign casualty insurance premium taxes obtained from the Commonwealth of Pennsylvania.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Police Pension Plan (Continued)

B. Contributions (continued)

The Police Pension Plan is also subject to Act 205. The actuarially determined contribution for the MMO to the pension trust fund was \$1,866,529 which was funded by the Township through state aid and Township contributions. Employee contributions in 2024 totaled \$327,398.

C. Net Pension Liability

The total pension (asset) liability was based on an actuarial valuation dated January 1, 2023 and update procedures were used to roll-forward the total pension (asset) liability to the December 31, 2024 measurement date. The components of the net pension asset of the Township as of December 31, 2024, were as follows:

Total pension liability	\$ 43,810,324
Plan fiduciary net position	<u>(38,858,319)</u>
Net pension liability	<u><u>\$ 4,952,005</u></u>

Plan fiduciary net position as a percentage of the total pension liability 88.7%

The schedule of changes in the net pension (asset) liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about the plan.

The components and changes in the Township's net pension liability for the Police Pension Plan for the year ended December 31, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2023	\$42,020,957	\$34,965,477	\$ 7,055,480
Service Cost	1,098,710	-	1,098,710
Interest Cost	2,737,309	-	2,737,309
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,866,529	(1,866,529)
Contributions - Member	-	327,398	(327,398)
Net Investment Income	-	3,757,472	(3,757,472)
Benefit Payments, including			
Refunds of Member Contributions	(2,046,652)	(2,046,652)	-
Administrative Expense	-	<u>(11,905)</u>	<u>11,905</u>
Net Changes	<u>1,789,367</u>	<u>3,892,842</u>	<u>(2,103,475)</u>
Balances at December 31, 2024	<u><u>\$43,810,324</u></u>	<u><u>\$38,858,319</u></u>	<u><u>\$4,952,005</u></u>

As of December 31, 2024, the plan fiduciary net position as a percentage of the total pension liability was 88.7%.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Police Pension Plan (Continued)

C. Net Pension Liability (continued)

As of December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 239,792	\$ 767,792
Change in assumptions	529,041	-
Net difference between projected and actual investment earnings	<u>2,867,612</u>	<u>2,937,052</u>
Total	<u>\$ 3,636,445</u>	<u>\$ 3,704,844</u>

The total pension expense recognized in 2024 for the Police Pension Plan was \$1,704,061. The deferred outflows of resources and the deferred inflows of resources will be recognized in pension expense as follows:

Year ended	
2025	\$ 596,421
2026	760,419
2027	(900,602)
2028	(488,077)
2029	<u>(36,560)</u>
Total	<u>\$ (68,399)</u>

D. Actuarial Methods and Assumptions

The Township's police net pension liability was measured as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	5.50% including inflation
Expected long-term rate of return	6.50%, applied to all periods

Mortality rates were based on the PubS-2010 mortality tables and mortality improvement projected from the base year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 9: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Pension Trust Funds (Continued)

D. Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on the Police Pension Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investments expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Equity	65%	4.68% - 8.23%
Fixed income	33%	1.70% - 3.12%
Cash	2%	0.47% - 1.07%

E. Discount Rate

The discount rate used to measure the total pension liability for both plans was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the MMO. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 6.50%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Net pension liability	\$ 10,569,197	\$ 4,952,005	\$ 281,668

G. Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments was 10.91%. The money-weighted rate of return expresses investment performance, net of investment expenses, not funded through the MMO.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 10. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

A. Plan Description

Plan Administrator

The Lower Paxton Township LOSAP for Firefighters was established January 1, 2008, to provide retirement benefits for the volunteer firefighters and fire police officers of the Colonial Park, Linglestown and Paxtonia Fire Companies. Volunteer firefighters and fire police officers join the LOSAP Plan upon employment. The plan is reported as a pension trust fund in the statement of fiduciary net position and changes therein. The plan does not issue stand-alone financial reports.

Plan Membership

As of December 31, 2024, participants in the LOSAP Plan consisted of the following:

Participants:

	LOSAP
Inactive members and beneficiaries currently receiving benefits	20
Inactive members entitled to benefits but not yet receiving them	17
Active members	73

Plan Benefits

A summary of the benefits provided by the LOSAP Plan is as follows:

	LOSAP
Normal retirement eligibility	A member is eligible for normal retirement after attainment of age 65 and completion of five years of participation. The normal retirement pension is payable during the member's lifetime, with payments ceasing upon death. The amount of monthly pension is equal to \$10 per year of service with a maximum monthly pension of \$250.
Late retirement eligibility	If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.
Early retirement eligibility	N/A
Vesting	A member's benefits vest upon completion of five years of service earned after January 1, 2008, and attainment of age 40. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.
Normal forms of benefits	Life
Disability benefit	None
Death benefit	None
Cost of living adjustment	None
Service increment	None

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 10. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

A. Contributions

Contributions to the LOSAP Plan from the Township in 2024 totaled \$0.

B. Net Pension Asset

The total pension liability was measured as of December 31, 2024 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. The components of the net pension asset of the Township as of December 31, 2024, were as follows:

Total pension liability	\$ 957,893
Plan fiduciary net position	<u>(1,248,254)</u>
Net pension asset	<u><u>\$ (290,361)</u></u>
Plan fiduciary net position as a percentage of the total pension asset	130.3%

The schedule of changes in the net pension asset and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about the plan.

The components and changes in the Township's net pension asset for the LOSAP Plan for the year ended December 31, 2024 were as follows:

	Increase (Decrease)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at December 31, 2023		\$941,703	\$1,179,230	\$ (237,527)
Service Cost	6,454	-	-	6,454
Interest Cost	64,456	-	-	64,456
Changes for Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Net Investment Income	-	127,044	(127,044)	-
Benefit Payments, including				
Refunds of Member Contributions	(54,720)	(54,720)	-	-
Administrative expense	-	(3,300)	3,300	-
Net Changes	16,190	69,024	(52,834)	-
Balances at December 31, 2024		<u>\$957,893</u>	<u>\$1,248,254</u>	<u>\$ (290,361)</u>

As of December 31, 2024 the plan fiduciary net position as a percentage of the total liability was 130.3%.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 10. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

B. Net Pension Asset (Continued)

As of December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to the LOSAP Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 196,617
Change in assumptions	53,534	212,719
Net difference between projected and actual investment earnings	<u>119,289</u>	<u>93,576</u>
Total	<u>\$ 172,823</u>	<u>\$ 502,912</u>

The total pension expense recognized in 2024 for the LOSAP Plan was (\$20,097). The deferred outflows of resources and the deferred inflows of resources will be recognized in pension expense as follows:

Year ended	
2025	\$ (13,792)
2026	(5,432)
2027	(65,077)
2028	(49,080)
2029	(39,774)
Thereafter	<u>(156,934)</u>
 Total	 <u>\$ (330,089)</u>

B. Actuarial methods and assumptions

The Township's LOSAP net pension liability was measured as of December 31, 2024 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The following are the significant actuarial assumptions applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	0.00% including inflation
Expected long-term rate of return	7.00%, including inflation
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 10. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

C. Actuarial methods and assumptions (Continued)

The long-term expected rate of return on the LOSAP Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset class</u>	Target allocation	Long-term expected rate of return
Domestic equity	50%	5.5% - 7.5%
International equity	15%	4.5% - 6.5%
Fixed income	35%	1.0% - 3.0%

D. Discount Rate

The discount rate used to measure the net pension asset was 7.00%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E. Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Township, calculated using the discount rate of 6.50%, as well as what the Township's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ (77,679)	\$ (290,361)	\$ (469,472)

F. Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments was 11.02%.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 11: INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances consist of the following as of December 31, 2024:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,167,405	\$ -
General Improvement Fund	-	579,991
Non-Major Funds	-	3,105,104
Lower Paxton Township Authority	<u>1,340,954</u>	<u>823,264</u>
 Total	 <u>\$ 4,508,359</u>	 <u>\$ 4,508,359</u>

Interfund transfers are executed as a result of the requirements for the General Fund to match a portion of the expenditures or expenses of other funds. Interfund transfers are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 472,321
General Improvement Fund	468,348	579,991
Non-Major Funds	309,383	305,410
Lower Paxton Township Authority	<u>579,991</u>	<u>-</u>
 Total	 <u>\$ 1,357,722</u>	<u>\$ 1,357,722</u>

NOTE 12: MANAGEMENT AGREEMENT

The Authority has entered into an agreement with Lower Paxton Township to procure certain management services with regard to its operations, activities and functions. The Authority and the Township have certain common management. The total management services for 2024 amounted to \$688,184. Additionally, due to the Township providing all employees to the Authority, the Authority reimbursed the Township for wages, payroll taxes and various insurances in the approximate amount of \$3,281,352 for the year ended December 31, 2024.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 13: FUND BALANCES / NET POSITION CLASSIFICATIONS AND RESTRICTIONS

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Fund	Fund Balance Classifications				Total Fund Balance
	Nonspendable	Restricted	Assigned	Unassigned	
<u>General Fund:</u>					
Other Assets	\$ 145,524	\$ -	\$ -	\$ -	\$ 145,524
Use of Budgetary Reserves/Earmarked Funds	-	-	4,184,333	-	4,184,333
Police	-	60,035	-	-	60,035
Public Works		382,052			382,052
Parks and Recreation	-	21,264	-	-	21,264
Available for any purpose	-	-	-	14,694,907	14,694,907
<u>General Improvement Fund:</u>					
Other Assets	-	-	-	-	-
Township Improvements	-	1,106,724	158,757	-	1,265,481
<u>Non-Major Funds:</u>					
State Highway Aid	146,526	1,074,921	-	-	1,221,447
Community Development	-	13,900	-	-	13,900
Fire Protection Services	<u>3,081,128</u>	<u>223,187</u>	<u>-</u>	<u>-</u>	<u>3,304,315</u>
	<u>\$ 3,373,178</u>	<u>\$ 2,882,083</u>	<u>\$ 4,343,090</u>	<u>\$ 14,694,907</u>	<u>\$ 25,293,258</u>

The restrictions of net position included in the Proprietary Fund are restricted for capital deposits in the amount of \$860,760.

The restrictions of net position included in the Fiduciary Funds are as follows:

Fiduciary funds
Fireman's LOSAP trust fund, amounts restricted for payment of LOSAP benefits
\$ 1,248,255
Non-uniform trust fund, amounts restricted for payment of Non-uniform pension benefits
28,499,219
Uniform trust fund, amounts restricted for payment of Uniform pension benefits
38,858,318
OPEB trust fund, amounts restricted for payment of OPEB benefits
<u>1,223,318</u>
Total fiduciary funds, net position
<u>\$ 69,829,110</u>

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Township participates in several federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by or for the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. The Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Township.

The Township is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Township. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Township.

The Township is involved with various lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the Township's professional liability insurance policy and would not have a material effect on the financial position of the Township.

The Township and Authority have entered into agreements for various construction projects. There were 14 total construction contracts open as of December 31, 2024 which totaled \$31,239,523. Work totaling \$20,847,684 had been completed on these contracts as of year end.

The Authority has entered into agreements with downstream municipalities for the transmission and treatment of sewage. Charges for transmission and treatment are principally based upon a combination of the number of equivalent dwelling units and sewage transmitted.

NOTE 15: AGREEMENTS

The Authority has entered into the Swatara Township Authority Intermunicipal Agreement with the joint users of the Swatara Township Authority treatment plant. The Agreement covers the operating expenses of the Swatara Township Authority treatment plant and transmission facilities and the corresponding responsibilities of each user based on a pro rata share basis. Under this agreement, the Authority's operating costs amounted to \$2,041,503 for the year ended December 31, 2024.

The Authority, along with the Borough of Penbrook, the Borough of Paxtang, the Township of Swatara, the Township of Susquehanna and the Township of Lower Paxton ("Joint Municipalities") continue to negotiate with the City of Harrisburg and Capital Region Water ("CRW") to finalize a new Intermunicipal Agreement, which sets the rate for treatment and transmission services provided to the Joint Municipalities, as well as the funding of the improvement projects for CRW facilities. Under the current agreement, the Authority's operating costs amounted to \$3,608,902.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 15: AGREEMENTS (CONTINUED)

The Authority is currently disputing the method of calculating certain 2021 charges related to the services provided above. The total amount owed is \$1,432,657 and \$556,986 is currently disputed. The total amount is included as a liability, due to other governments, and in the operating costs noted above to CRW on the Authority's books as of December 31, 2024. The Authority also established a significant escrow reserve included in prepaid assets. This reserve, amounting to \$659,937, is held at CRW to be used for future capital use.

NOTE 16: LEGAL AGREEMENTS AND RESTRICTIONS REGARDING SANITARY SEWER OPERATIONS

The Authority and Township are governed by a consent decree and settlement agreement with the Pennsylvania Department of Environmental Protection ("PADEP") relative to the Beaver Creek, Paxton Creek and Spring Creek Basin interceptors for sewage overflows and hydraulic overloads in these regions, and manage limitations on equivalent dwelling units ("EDU's") and connections in the respective areas. As capital improvements have been made, modeling and metering data updated and removal rates for overflow/overload have occurred, revised long-term corrective action plans are provided to PADEP and have been approved as submitted. As of December 31, 2024, the Authority estimates that additional investments for compliance with the agreements are \$16,500,000 for Beaver Creek and \$4,500,000 for Spring Creek Basin interceptors through 2035.

The Authority also is governed by the Township's PADEP Municipal Separate Storm Sewer System "(MS4)" permit, approved through July 2025, which requires the implementation of a Storm Water Management Plan to manage the conveyance and proper discharge of stormwater. As of December 31, 2024, the estimated additional MS4 capital costs relative to the plan total \$575,000.

NOTE 17: POST-EMPLOYMENT BENEFIT PLAN

Plan Description

Plan Administration. The Township administers a single-employer defined OPEB plan ("plan") that is used to provide health-related benefits for its police officers through its group health insurance plan. Plan provisions are established based on labor agreements negotiated by the Township. The plan is reported as an OPEB Trust fund in the accompanying financial statements and does not issue stand-alone statements.

Plan Membership. As of December 31, 2024, the Plan's membership consisted of the following:

Active Participants	57
Retired Participants	15
Total	<u>72</u>

Benefits Provided. All police officers retiring with a normal or disability retirement under the pension plan are eligible for other postemployment benefits. Normal retirement eligibility is the age of 50 and completion of 25 years of service. Disability retirement eligibility is considered total and permanent disability that occurs in the line of duty. The length of benefits is 120 months for retirees and eligible spouses.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 17: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Benefits include the same medical coverage enjoyed by active members and currently include medical, prescription drug, dental and vision coverage. Coverage is suspended if the retiree is eligible for comparable coverage cost-free from another source. After the period of coverage ceases, retirees may purchase any of the benefits covered at the effective group rates. The Township pays the first 5% of any increase in annual cost. Thereafter, the Township and the retiree share equally for any annual increases exceeding 5%.

Contributions. The contribution requirements of Plan members and the Township are established and may be amended by the Township's Board of Supervisors. Previously, the Plan was funded on a pay-as-you-go basis; i.e., premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. During 2023, the Township created a trust to fund future benefits. Retiree contribution rates and amounts vary based on the benefits selected.

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Supervisors, by a majority vote. It is the policy of the Board of Supervisors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct assets classes. The following is the Plan's asset allocation policy as of December 31, 2024:

Asset class	Target allocation
Equity	50%
Fixed Income	48%
Cash Equivalents	2%

Rate of return. For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 10.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the County as of December 31, 2024, were as follows:

Total OPEB liability	\$ 9,822,088
Plan fiduciary net position	<u>1,223,317</u>
Net OPEB liability	<u>\$ 8,598,771</u>
Plan fiduciary net position as a percentage of the total OPEB liability	12.45%

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 17: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions and Other Inputs. The net OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	4.25%
Dental/Vision Trend Rate	3.00%
Medical Trend Rate	6.75% for 2024, decreasing to 4.75% by 2028

The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were assumed based on the PubS-2010. Mortality improvement rates were derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

The actuarial assumptions used in the January 1, 2023 valuation were based on past experience under the plan and reasonable future expectations which represents the best estimate of anticipated experience under the plan. A recent actuarial experience study was not performed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns before inflation, net of OPEB plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The Township's expected future real rates of return by asset class is as shown below. Best estimates of arithmetical real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset class	Long-term expected rate of return
Equity	5.5% - 7.5%
Fixed Income	1.0% - 3.0%
Cash Equivalents	0.5% - 1.0%

Discount rate. The discount rate used to measure the total OPEB liability was 4.25%. The projection of cash flows used to determine the discount rate assumed that Township contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 17: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in the Township's net OPEB liability for the plan as of December 31, 2024 was as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2023	\$9,394,614	\$752,689	\$ 8,641,925
Service Cost	445,629	-	445,629
Interest	409,223	-	409,223
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Contributions - Employer	-	827,378	(827,378)
Net Investment Income	-	75,936	(75,936)
Benefit Payments	(427,378)	(427,378)	-
Administrative Expense	-	(5,308)	5,308
Other changes	-	-	-
Net Changes	<u>427,474</u>	<u>470,628</u>	<u>(43,154)</u>
Balances at December 31, 2024	<u>\$9,822,088</u>	<u>\$1,223,317</u>	<u>\$8,598,771</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage higher (5.25%) than the current discount rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	3.25%	4.25%	5.25%
Net OPEB liability	\$ 9,505,464	\$ 8,598,771	\$ 7,779,089

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage higher than the current discount rate:

	Current		
	1% Decrease	Trend Rate	1% Increase
Net OPEB liability	\$ 7,832,838	\$ 8,598,771	\$ 9,509,651

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 17: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

As of December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 424,234	\$ 99,593
Changes of assumptions	590,004	2,009,693
Net difference between projected and actual earnings on OPEB plan investments	-	33,068
Total	<u>\$ 1,014,238</u>	<u>\$ 2,142,354</u>

The deferred outflows of resources and the deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31,		
2025	\$ (103,571)	
2026	(103,571)	
2027	(103,569)	
2028	(137,443)	
2029	(159,849)	
Thereafter	<u>(520,113)</u>	
Total	<u>\$ (1,128,116)</u>	

OPEB Expense

For the year ended December 31, 2024, the Township recognized OPEB expense of \$721,927.

NOTE 18: 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 purchases commercial insurance coverage for these types of losses, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage.

The Township is a member of a risk sharing pool, the Susquehanna Municipal Trust ("Trust"), to provide workers' compensation coverage. The 2024 contribution for this coverage was \$118,302, net of \$233,763 dividend received.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 18: RISK MANAGEMENT (CONTINUED)

The Trust has a self-insured retention per occurrence of \$1,000,000. Claims that exceed the self-insured retention are satisfied by a stop-loss insurance carrier. Each Trust member owns a portion of the pool based upon the total contributions deposited by each member over the preceding 12 months. If there is a deficit in the pooled funds, each member is assessed a ratio based upon the total contributions. As of December 31, 2024, there have been no adjustments in the Trust's class code rates. The Township's premium does adjust each year according to independently audited payroll totals in each class code.

The Township participates in the Pennsylvania Municipal Health Insurance Cooperative to provide medical benefits to employees and their qualifying family members and dependents. Under this program, the Township pays varying amounts of reasonable and customary healthcare expenses. For 2024, the Township paid premiums of \$2,795,499. For the year ended December 31, 2024, the Township was limited in liability for claims to \$70,000 per enrollee. Actual claims paid for the year ended December 31, 2024 were \$3,609,701.

NOTE 19: SUBSCRIPTION LIABILITIES

The Township has entered into contracts for various subscription-based information technology arrangements. The arrangements qualify as other than short-term arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum payments.

The Township has the following arrangements:

Description	Term	Payment Amount	Interest Rate
Various	Several agreements ranging from three to eight years.	Required to make principal and interest payments ranging from \$1,248 to \$83,126.	The arrangements have interest rates of 3% to 6%.

The future minimum payments under the arrangements as of December 31, 2024 were as follows:

Year	Principal	Interest	Total
2025	\$ 83,126	\$ 10,228	\$ 93,354
2026	39,111	5,479	44,590
2027	24,359	3,863	28,222
2028	25,759	2,593	28,352
2029	24,385	1,248	25,633
	<u>\$ 196,740</u>	<u>\$ 23,411</u>	<u>\$ 220,151</u>

Interest expense for the subscription liabilities was \$23,411 for the year ended December 31, 2024.

LOWER PAXTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 20: ENVIRONMENTAL CONCERNS

The Township has underground storage tanks for fuel and performs necessary testing in the surrounding land areas as necessary for leaks and potential contamination and operates a waste water facility. In addition, the Township, as part of the closure plan for the Township Landfill, performs tests and water analysis in the landfill and surrounding areas. If a leak or contamination occurs, the Township could become liable for the cost to remediate.

R E Q U I R E D
S U P P L E M E N T A R Y
I N F O R M A T I O N

LOWER PAXTON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts <u>Original and Final</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 18,077,645	\$ 18,860,732	\$ 783,087
Licenses and Permits	2,286,550	2,196,368	(90,182)
Fines and Forfeitures	240,000	270,244	30,244
Interest and Rents	812,629	1,150,534	337,905
Intergovernmental	6,711,086	6,297,781	(413,305)
Charges for Services	8,322,943	7,957,430	(365,513)
Contributions and Donations	32,000	29,481	(2,519)
Miscellaneous Income	2,500	10,954	8,454
Total Revenues	36,485,353	36,773,524	288,171
Expenditures			
General Government	2,163,676	2,031,004	132,672
Police	13,233,502	12,959,934	273,568
Fire and Ambulance	451,500	459,394	(7,894)
Community Development	1,176,053	1,348,839	(172,786)
Health and Sanitation	8,611,152	8,307,912	303,240
Public Works	6,167,236	5,748,854	418,382
Parks and Recreation	1,910,545	2,079,935	(169,390)
Debt Service			
Principal	1,843,774	2,146,313	(302,539)
Interest	359,330	414,303	(54,973)
Total Expenditures	35,916,768	35,496,488	420,280
Excess of Revenues Over Expenditures	568,585	1,277,036	708,451
Other Financing Sources (Uses)			
Transfers Out	(193,000)	(472,321)	(279,321)
Lease Proceeds	200,000	469,060	269,060
Subscription Proceeds	-	109,461	109,461
Sale of Capital Assets	5,000	4,941	(59)
Total Other Financing Sources (Uses)	12,000	111,141	99,141
Net Change in Fund Balance	\$ 580,585	\$ 1,388,177	\$ 807,592

LOWER PAXTON TOWNSHIP (NON-UNIFORM)

Schedule of Changes in the Net Pension Liability and Related Ratios (Non-Uniform) - Last 10 Years

	For the years Ending December 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost	\$ 713,718	\$ 681,354	\$ 648,429	\$ 633,242	\$ 545,189	\$ 535,173	\$ 451,165	\$ 455,943	\$ 431,365	\$ 459,270
Interest	1,785,978	1,710,267	1,698,340	1,612,963	1,570,740	1,489,190	1,456,600	1,378,467	1,291,194	1,210,063
Changes of benefit terms	-	-	-	-	-	-	-	500,267	-	-
Differences between expected and actual experience	-	(1,092,238)	-	(164,906)	-	(541,352)	-	(885,043)	-	(524,611)
Changes of assumptions	-	-	-	356,839	-	603,643	-	1,127,497	-	-
Benefit payments, including refunds of member contributions	(1,335,170)	(1,185,619)	(1,024,805)	(873,417)	(829,434)	(823,121)	(778,275)	(650,761)	(564,472)	(481,740)
Net change in total pension liability	1,164,526	113,764	1,321,964	1,564,721	1,286,495	1,263,533	1,129,490	1,926,370	1,158,087	662,982
Total pension liability - beginning	27,419,931	27,306,167	25,984,203	24,419,482	23,132,987	21,869,454	20,739,964	18,813,594	17,655,507	16,992,525
Total pension liability - ending (a)	\$ 28,584,457	\$ 27,419,931	\$ 27,306,167	\$ 25,984,203	\$ 24,419,482	\$ 23,132,987	\$ 21,869,454	\$ 20,739,964	\$ 18,813,594	\$ 17,655,507
Plan fiduciary net position										
Contributions - employer	\$ 835,791	\$ 953,741	\$ 1,003,335	\$ 1,003,335	\$ 797,538	\$ 757,954	\$ 683,408	\$ 696,477	\$ 674,462	\$ 789,950
Contributions - employee	203,486	197,565	185,069	172,808	172,276	156,778	148,881	139,772	138,797	130,169
Net investment income	2,812,944	3,251,762	(3,842,182)	2,601,458	2,715,471	3,265,845	(741,030)	2,246,805	846,552	25,833
Benefit payments, including refunds of member contributions	(1,335,170)	(1,185,619)	(1,024,805)	(873,417)	(829,434)	(823,121)	(778,275)	(650,761)	(564,472)	(481,740)
Administrative expense	(11,933)	(12,925)	(11,309)	(4,254)	(4,325)	(7,944)	(11,556)	(3,800)	(5,555)	(8,162)
Net change in plan fiduciary position	2,505,118	3,204,524	(3,689,892)	2,899,930	2,851,526	3,349,512	(698,572)	2,428,493	1,089,784	456,050
Plan fiduciary net position - beginning	25,994,101	22,789,577	26,479,469	23,579,539	20,728,013	17,378,501	18,077,073	15,648,580	14,558,796	14,102,746
Plan fiduciary net position - ending (b)	\$ 28,499,219	\$ 25,994,101	\$ 22,789,577	\$ 26,479,469	\$ 23,579,539	\$ 20,728,013	\$ 17,378,501	\$ 18,077,073	\$ 15,648,580	\$ 14,558,796
Township's net pension liability - ending (a) - (b)	\$ 85,238	\$ 1,425,830	\$ 4,516,590	\$ (495,266)	\$ 839,943	\$ 2,404,974	\$ 4,490,953	\$ 2,662,891	\$ 3,165,014	\$ 3,096,711
Plan fiduciary net position as a percentage of the total pension liability	99.70%	94.80%	83.46%	101.91%	96.56%	89.60%	79.46%	87.16%	83.18%	82.46%
Covered - payroll	\$ 6,479,176	\$ 6,683,139	\$ 5,801,081	\$ 5,659,105	\$ 5,523,146	\$ 5,214,405	\$ 4,916,287	\$ 4,895,449	\$ 4,753,121	\$ 4,476,046
Township net pension liability as a percentage of covered - payroll	1.32%	21.33%	77.86%	-8.75%	15.21%	46.12%	91.35%	54.40%	66.59%	69.18%

LOWER PAXTON TOWNSHIP

Schedule of Changes in the Net Pension Liability and Related Ratios (Police) - Last 10 Years

	For the years Ending December 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service Cost	\$ 1,098,710	\$ 1,041,431	\$ 1,048,293	\$ 993,643	\$ 892,583	\$ 846,050	\$ 760,444	\$ 720,800	\$ 583,904	\$ 579,640
Interest	2,737,309	2,623,824	2,585,424	2,475,674	2,343,945	2,246,098	2,136,850	2,042,291	1,985,406	1,892,821
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,133,408)	-	555,470	-	408,630	-	(109,753)	-	(314,057)
Changes of assumptions	-	-	-	1,205,445	-	969,624	-	515,076	-	-
Benefit payments, including refunds of member contributions	(2,046,652)	(1,908,746)	(1,896,788)	(1,776,114)	(1,696,789)	(1,681,639)	(1,543,825)	(1,363,028)	(1,279,358)	(1,122,739)
Net change in total pension liability	1,789,367	623,101	1,736,929	3,454,118	1,539,739	2,788,763	1,353,469	1,805,386	1,289,952	1,036,665
Total pension liability - beginning	42,020,957	41,397,856	39,660,927	36,206,809	34,667,070	31,878,307	30,524,838	28,719,452	27,429,500	26,393,835
Total pension liability - ending (a)	<u>\$ 43,810,324</u>	<u>\$ 42,020,957</u>	<u>\$ 41,397,856</u>	<u>\$ 39,660,927</u>	<u>\$ 36,206,809</u>	<u>\$ 34,667,070</u>	<u>\$ 31,878,307</u>	<u>\$ 30,524,838</u>	<u>\$ 28,719,452</u>	<u>\$ 27,429,500</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,866,529	\$ 1,934,638	\$ 1,696,051	\$ 1,696,051	\$ 1,306,621	\$ 1,353,346	\$ 1,181,408	\$ 1,163,830	\$ 1,165,107	\$ 1,063,399
Contributions - employee	327,398	306,822	294,920	284,525	287,739	265,560	254,312	241,314	230,727	228,477
Net investment income	3,757,472	4,288,719	(4,932,439)	3,562,665	3,114,184	4,404,499	(915,505)	3,077,444	1,136,341	165,482
Benefit payments, including refunds of member contributions	(2,046,652)	(1,908,746)	(1,896,788)	(1,776,114)	(1,696,789)	(1,681,639)	(1,543,825)	(1,363,028)	(1,279,358)	(1,122,739)
Administrative expense	(11,905)	(8,615)	(12,899)	(3,350)	(3,350)	(8,349)	(8,936)	(2,900)	(3,397)	(6,965)
Net change in plan fiduciary position	3,892,842	4,612,818	(4,851,155)	3,763,777	3,008,405	4,333,417	(1,032,546)	3,116,660	1,249,420	327,654
Plan fiduciary net position - beginning	34,965,477	30,352,659	35,203,814	31,440,037	28,431,632	24,098,215	25,130,761	22,014,101	20,764,681	20,437,027
Plan fiduciary net position - ending (b)	<u>\$ 38,858,319</u>	<u>\$ 34,965,477</u>	<u>\$ 30,352,659</u>	<u>\$ 35,203,814</u>	<u>\$ 31,440,037</u>	<u>\$ 28,431,632</u>	<u>\$ 24,098,215</u>	<u>\$ 25,130,761</u>	<u>\$ 22,014,101</u>	<u>\$ 20,764,681</u>
Township's net pension liability - ending (a) - (b)	<u>\$ 4,952,005</u>	<u>\$ 7,055,480</u>	<u>\$ 11,045,197</u>	<u>\$ 4,457,113</u>	<u>\$ 4,766,772</u>	<u>\$ 6,235,438</u>	<u>\$ 7,780,092</u>	<u>\$ 5,394,077</u>	<u>\$ 6,705,351</u>	<u>\$ 6,664,819</u>
Plan fiduciary net position as a percentage of the total pension liability	88.7%	83.2%	73.3%	88.8%	86.8%	82.0%	75.6%	82.3%	76.7%	75.7%
Covered - payroll	\$ 6,617,658	\$ 6,804,744	\$ 5,849,337	\$ 5,680,580	\$ 5,754,758	\$ 5,216,310	\$ 5,076,864	\$ 4,919,546	\$ 4,685,623	\$ 4,519,407
Township net pension liability as a percentage of covered - payroll	74.8%	103.7%	188.8%	78.5%	82.8%	119.5%	153.2%	109.6%	143.1%	147.5%

LOWER PAXTON TOWNSHIP

Schedule of Changes in the Net Pension Liability and Related Ratios (LOSAP) - Last 10 Years

For the Years Ending December 31

	2024	2023	2022	2021
Total pension liability				
Service Cost	\$ 6,454	\$ 6,454	\$ 16,512	\$ 16,512
Interest	64,456	63,365	92,385	88,345
Differences between expected and actual experience	-	(201,310)	-	(44,673)
Changes of assumptions	-	(259,991)	-	74,950
Benefit payments, including refunds of member contributions	(54,720)	(53,760)	(50,460)	(43,810)
Net change in total pension liability	16,190	(445,242)	58,437	91,324
Total pension liability - beginning	941,703	1,386,945	1,328,508	1,237,184
Total pension liability - ending (a)	<u>\$ 957,893</u>	<u>\$ 941,703</u>	<u>\$ 1,386,945</u>	<u>\$ 1,328,508</u>
Plan fiduciary net position				
Contributions - employer	\$ -	\$ -	\$ 79,310	\$ 94,805
Net investment income	127,044	154,017	(208,351)	120,602
Benefit payments, including refunds of member contributions	(54,720)	(53,760)	(50,460)	(43,810)
Administrative expense	(3,300)	(11,000)	-	(4,675)
Net change in plan fiduciary position	69,024	89,257	(179,501)	166,922
Plan fiduciary net position - beginning	1,179,230	1,089,973	1,269,474	1,102,552
Plan fiduciary net position - ending (b)	<u>\$ 1,248,254</u>	<u>\$ 1,179,230</u>	<u>\$ 1,089,973</u>	<u>\$ 1,269,474</u>
Township's net pension liability (asset) - ending (a) - (b)	<u>\$ (290,361)</u>	<u>\$ (237,527)</u>	<u>\$ 296,972</u>	<u>\$ 59,034</u>
Plan fiduciary net position as a percentage of the total pension liability	130.3%	125.2%	78.6%	95.6%
Covered - payroll	N/A	N/A	N/A	N/A
Township net pension liability as a percentage of covered - payroll	N/A	N/A	N/A	N/A

The Township adopted GASB 67 on a prospective basis in 2021, therefore only four years of information are available.

Lower Paxton Township

Schedule of Employer Contributions (Non Uniform) - Last 10 Years

For the Years Ending December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 835,791	\$ 953,741	\$ 1,003,335	\$ 961,941	\$ 797,538	\$ 757,954	\$ 683,408	\$ 696,477	\$ 674,462	\$ 789,950
Contributions in relation to the actuarially determined contribution	<u>835,791</u>	<u>953,741</u>	<u>1,003,335</u>	<u>1,003,335</u>	<u>797,538</u>	<u>757,954</u>	<u>683,408</u>	<u>696,477</u>	<u>674,462</u>	<u>789,950</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,394)</u>	<u>\$ -</u>					
Covered - employee payroll	6,479,176	6,683,139	5,801,081	5,659,105	5,523,146	5,214,405	4,916,287	4,895,449	4,753,121	4,476,046
Contributions as a percentage of covered - employee payroll	12.9%	14.3%	17.3%	17.7%	14.4%	14.5%	13.9%	14.2%	14.2%	17.6%

Notes to Schedule

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	1 year (aggregate)
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	4.75%, including inflation
Investment rate of return	6.50%, net of investment expenses not funded through the MMO, and including inflation
Mortality	2010 Public Retirement Plan-General Employees mortality tables (PubG-2010). Mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
Retirement age	Age 60-64: 50%, 65 and older 100%

Benefit changes.

Effective 10/6/09: A retirement window with an increased benefit was provided to participants who were age 55 and had at least 10 years of service in 2009 or 2010.

Effective 1/1/13: Normal retirement age was changed to age 65 with 10 years of service for public works participants hired on or after 1/1/12 and all others hired on or after 1/1/13. Employee contributions increased by 1% for public works effective 1/1/13 and for all others 1/1/14.

Effective 1/1/17: Compensation averaging period was reduced from final 60 months (or five years for authority employees) to 36 months.

Changes to assumptions.

Effective 1/1/11: Interest rate was lowered from 7.50% to 7.25%, salary scale was lowered from 5.50% to 5.25%, mortality was updated to RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA.

Effective 1/1/17: Interest rate was lowered from 7.25% to 7.00%, salary increase reduced from 5.25% to 4.75%, mortality updated to RP-2014 mortality table with 50% of Blue Collar Adjustment with projected mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

Effective 1/1/19: Interest rate was lowered from 7.00% to 6.75%.

Effective 1/1/21: Interest rate was lowered from 6.75% to 6.50%, inflation rate lowered from 2.75% to 2.50%, mortality updated to 2010 Public Retirement Plan-General Employees mortality tables (PubG-2010). Mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report, retirement assumption to ages 60-64: 50% and age 65 and older: 100%.

Lower Paxton Township

Schedule of Employer Contributions (Police) - Last 10 Years

For the Years Ending December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,866,529	\$ 1,909,822	\$ 1,696,051	\$ 1,690,357	\$ 1,306,621	\$ 1,353,346	\$ 1,181,408	\$ 1,163,830	\$ 1,165,107	\$ 1,063,399
Contributions in relation to the actuarially determined contribution	<u>1,866,529</u>	<u>1,934,638</u>	<u>1,696,051</u>	<u>1,696,051</u>	<u>1,306,621</u>	<u>1,353,346</u>	<u>1,181,408</u>	<u>1,163,830</u>	<u>1,165,107</u>	<u>1,063,399</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (24,816)</u>	<u>\$ -</u>	<u>\$ (5,694)</u>	<u>\$ -</u>					
Covered - employee payroll	\$ 6,617,658	\$ 6,804,744	\$ 5,849,337	\$ 5,680,580	\$ 5,754,758	\$ 5,216,310	\$ 5,076,864	\$ 4,919,546	\$ 4,685,623	\$ 4,519,407
Contributions as a percentage of covered - employee payroll	28.21%	28.43%	29.00%	29.86%	22.71%	25.94%	23.27%	23.66%	24.87%	23.53%

Notes to Schedule

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	6 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	5.50%, including inflation
Investment rate of return	6.50% net of investment expenses not funded through the MMO, and including inflation
Mortality	2010 Public Retirement Plan-Public Safety mortality tables (PubS-2010) with mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
Retirement age	Rates of retirement based on age and service according to the following schedule:

Age	Years of Service	
	25	26+
50	35%	35%
51-54	35%	20%
55	35%	35%
56-59	35%	25%
60+	100%	100%

Benefit changes.

Effective 1/1/13: The Killed-in-Service benefit was eliminated.

Changes to assumptions.

Effective 1/1/11: Interest rate was lowered from 7.50% to 7.25%, the mortality table was updated to RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA, and pre-retirement death benefits formerly valued with a load are now valued directly.

Effective 1-1-17: Interest rate reduced from 7.25% to 7.00%, consumer price index decreased from 3.00% to 2.75%, mortality updated to RP-2014 mortality table with 50% of Blue Collar adjustment and projected mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report, disability updated to rates based on the Social Security Administration's 2010 projection of disability incidence, retirement assumption changed to rates of retirement.

Effective 1-1-19: Interest rate lowered from 7.00% to 6.75%.

Effective 1-1-21: Interest rate lowered from 6.75% to 6.50%, inflation rate lowered from 2.75% to 2.50%, mortality updated to 2010 Public Retirement Plans-employees mortality tables (PubG-2010) with Mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report and disability updated from ultimate rates of disability incidence in the Social Security Administration's 2020 Trustee Report.

Lower Paxton Township

Schedule of Employer Contributions (LOSAP) - Last 10 Years

For the Years Ending December 31

	2024	2023	2022	2021
Actuarially determined contribution	\$ -	\$ -	\$ 79,310	\$ 79,310
Contributions in relation to the actuarially determined contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,310</u>	<u>\$ 94,805</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (15,495)</u></u>
Covered - employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 years
Asset valuation method	Market value of assets as determined by the trustee.
Inflation	3.00%
Salary increases	0.00%
Investment rate of return	5.00%
Retirement age	Normal Retirement Age
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

LOWER PAXTON TOWNSHIP

SCHEDULE OF INVESTMENT RETURNS - Last 10 years

Annual money-weighted rate of return:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Non-uniform Pension Plan	10.96%	14.49%	(14.74%)	11.10%	13.14%	18.95%	(4.13%)	14.47%	5.83%	0.18%
Police Pension Plan	10.91%	14.05%	(14.32%)	11.47%	11.06%	18.54%	(3.70%)	14.17%	5.53%	0.82%
Fireman's LOSAP	11.02%	14.53%	(16.38%)	10.68%	-	-	-	-	-	-
OPEB	10.09%	0.60%	-	-	-	-	-	-	-	-

For the Fireman's LOSAP, the Township adopted GASB 67 on a prospective basis in 2021; therefore, only four years of information is available.

For OPEB, the Township established a trust during 2023 and there only two years of information is available.

LOWER PAXTON TOWNSHIP

Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years

	For the Years Ending December 31						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service Cost	\$ 445,629	\$ 433,702	\$ 590,039	\$ 575,648	\$ 476,962	\$ 298,604	\$ 247,550
Interest	409,223	385,490	270,637	257,488	330,162	228,507	209,188
Changes of benefit terms	-	-	-	1,087,896	-	-	-
Changes of assumptions	-	(2,478,276)	-	-	-	(205,989)	-
Differences between expected and actual experience	-	303,251	-	(183,641)	-	548,659	-
Benefit payments, including refunds of employee contributions	(427,378)	(121,176)	(446,256)	(198,381)	(428,589)	(275,372)	(394,123)
Net change in total OPEB liability	427,474	(1,477,009)	414,420	1,539,010	2,735,126	594,409	62,615
Total OPEB liability - beginning	9,394,614	10,871,623	10,457,203	8,918,193	6,183,067	5,588,658	5,526,043
Total OPEB liability - ending (a)	<u>\$ 9,822,088</u>	<u>\$ 9,394,614</u>	<u>\$ 10,871,623</u>	<u>\$ 10,457,203</u>	<u>\$ 8,918,193</u>	<u>\$ 6,183,067</u>	<u>\$ 5,588,658</u>
Plan fiduciary net position							
Contributions - employer	\$ 827,378	\$ 871,176	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-
Net investment income	75,936	2,689	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(427,378)	(121,176)	-	-	-	-	-
Administrative expense	(5,308)	-	-	-	-	-	-
Net change in plan fiduciary position	470,628	752,689	-	-	-	-	-
Plan fiduciary net position - beginning	<u>752,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,223,317</u>	<u>\$ 752,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a) - (b)	<u>\$ 8,598,771</u>	<u>\$ 8,641,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total OPEB liability	12.45%	8.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 6,265,956	\$ 6,054,064	\$ 5,849,337	\$ 5,680,580	\$ 5,754,758	\$ 5,076,864	\$ 4,685,623
Township net OPEB liability as a percentage of covered payroll	137.23%	142.75%	0.00%	0.00%	0.00%	0.00%	0.00%

The Township adopted GASB 75 on a prospective basis in 2018, therefore only seven years of information is available.

Lower Paxton Township

Schedule of Employer Contributions (OPEB) - Last 10 Years

For the Years Ending December 31

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>\$ 827,378</u>	<u>\$ 871,176</u>	<u>\$ -</u>				
Contribution deficiency (excess)	<u>\$ (827,378)</u>	<u>\$ (871,176)</u>	<u>\$ -</u>				
Covered - employee payroll	\$ 6,265,956	\$ 6,054,064	\$ 5,849,337	\$ 5,680,580	\$ 5,754,758	\$ 5,076,864	\$ 4,685,623
Contributions as a percentage of covered - employee payroll	13.2%	14.4%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes to Schedule

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	7 years (aggregate)
Asset valuation method	Fair-market value
Inflation	2.75%
Salary increases	4.75%, including inflation
Investment rate of return	4.50%
Mortality	2010 Public Retirement Plan – Safety mortality tables (PubS-2010). Mortality improvement rates were derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

Changes to assumptions.

Effective 1/1/23: Discount rate increased from 2.5% to 4.25% at last valuation. Inflation increased from 2.5% to 2.75%. Medical, dental and vision trend rates updated. Coverage Level for future retiring participants is assumed to be 50% single, 50% husband and wife (35% individual, 65% husband and wife at last valuation)

OTHER
SUPPLEMENTARY
INFORMATION

LOWER PAXTON TOWNSHIP
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	State Highway Aid	Community Development Block Grant	Fire Equipment	TOTAL
<u>Assets</u>				
Restricted Cash and Cash Equivalents	\$ 1,083,140	\$ -	\$ 3,569,171	\$ 4,652,311
Receivables				
Accounts	- -	53,594	- -	53,594
Interest	1,431	- -	6,268	7,699
Taxes	- -	- -	95,019	95,019
Prepaid Items	146,526	- -	3,081,128	3,227,654
Total Assets	<u>\$ 1,231,097</u>	<u>\$ 53,594</u>	<u>\$ 6,751,586</u>	<u>\$ 8,036,277</u>
<u>Liabilities</u>				
Accounts Payable	\$ 9,650	\$ 2,454	\$ 314,116	\$ 326,220
Accrued Expenses and Withholdings	- -	- -	4,463	4,463
Due to Other Funds	- -	37,240	3,067,864	3,105,104
Total Liabilities	<u>9,650</u>	<u>39,694</u>	<u>3,386,443</u>	<u>3,435,787</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue - Property Taxes	- -	- -	60,828	60,828
Total Deferred Inflows of Resources	<u>- -</u>	<u>- -</u>	<u>60,828</u>	<u>60,828</u>
<u>Fund Balances</u>				
Nonspendable	146,526	- -	3,081,128	3,227,654
Restricted	1,074,921	13,900	223,187	1,312,008
Total Fund Balances	<u>\$ 1,221,447</u>	<u>\$ 13,900</u>	<u>\$ 3,304,315</u>	<u>\$ 4,539,662</u>

LOWER PAXTON TOWNSHIP
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>State Highway Aid</u>	<u>Community Development</u>	<u>Fire Equipment</u>	<u>TOTAL</u>
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ 2,188,675	\$ 2,188,675
Interest and Rents	55,005	-	165,846	220,851
Intergovernmental	<u>1,651,744</u>	<u>53,594</u>	-	<u>1,705,338</u>
Total Revenues	<u>1,706,749</u>	<u>53,594</u>	2,354,521	4,114,864
<u>Expenditures</u>				
Fire and Ambulance	-	-	1,577,906	1,577,906
Community Development	-	43,667	-	43,667
Public Works	1,198,653	-	-	1,198,653
Debt Service				
Principal	240,495	-	242,000	482,495
Interest	<u>17,270</u>	<u>-</u>	<u>69,290</u>	<u>86,560</u>
Total Expenditures	<u>1,456,418</u>	<u>43,667</u>	1,889,196	3,389,281
<u>Other Financing Sources (Uses)</u>				
Transfers Out	-	-	(305,410)	(305,410)
Transfers In	-	3,973	305,410	309,383
Bond Proceeds	312,097	-	-	312,097
Sale of Capital Assets	<u>30,945</u>	<u>-</u>	<u>-</u>	<u>30,945</u>
Total Other Financing Sources (Uses)	<u>343,042</u>	<u>3,973</u>	-	347,015
Excess of Revenues Over Expenditures	<u>593,373</u>	<u>13,900</u>	465,325	1,072,598
Net Change in Fund Balance	593,373	13,900	465,325	1,072,598
Fund Balances - Beginning of Year	<u>628,074</u>	<u>-</u>	2,838,990	3,467,064
Fund Balances - End of Year	<u>\$ 1,221,447</u>	<u>\$ 13,900</u>	\$ 3,304,315	\$ 4,539,662

LOWER PAXTON TOWNSHIP
COMBINING BALANCE SHEET-
PROPRIETARY FUNDS
DECEMBER 31, 2024

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	Sewer Fund	Stormwater Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,119,836	\$ -	\$ 1,119,836
Investments	20,305,056	6,373,021	26,678,077
Receivables			
Interest	25,545	6,812	32,357
Rentals and Fees - Unbilled	4,554,126	869,209	5,423,335
Rentals and Fees - Billed	1,105,854	197,280	1,303,134
Other	1,222,411	3,738	1,226,149
Prepaid	889,984	14,109	904,093
Due From Other Funds	1,310,805	30,149	1,340,954
Total Current Assets	<u>30,533,617</u>	<u>7,494,318</u>	<u>38,027,935</u>
Noncurrent Assets			
Restricted Cash and Cash Equivalents	18,670	-	18,670
Restricted Investments	13,657,925	8,140,002	21,797,927
Capital Assets, Not Being Depreciated	20,545,108	6,534,343	27,079,451
Intangible Assets, Being Amortized, net	2,740,869	-	2,740,869
Capital Assets, Being Depreciated, net	125,304,737	23,697,579	149,002,316
Intangible Assets, Being Amortized, net	17,704,134	-	17,704,134
Total Noncurrent Assets	<u>179,971,443</u>	<u>38,371,924</u>	<u>218,343,367</u>
Total Assets	<u>210,505,060</u>	<u>45,866,242</u>	<u>256,371,302</u>
Deferred Outflows of Resources			
Deferred Charges on Refundings	2,144,529	-	2,144,529
Total Deferred Outflows of Resources	<u>2,144,529</u>	<u>-</u>	<u>2,144,529</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	5,161,707	766,174	5,927,881
Current Portion of Long-Term Debt, Subsidy Agreements with the Township	5,293,354	605,000	5,898,354
Accrued Interest	1,209,232	181,813	1,391,045
Developers Escrows	18,670	-	18,670
Due To Other Funds	-	823,264	823,264
Due To Other Governments	1,622,071	-	1,622,071
Total Current Liabilities	<u>13,305,034</u>	<u>2,376,251</u>	<u>15,681,285</u>
Noncurrent Liabilities			
Long-Term Debt, Subsidy Agreements with the Township, Net of Current Portion	138,180,542	19,445,000	157,625,542
Bond Premium	8,429,807	1,352,846	9,782,653
Total Noncurrent Liabilities	<u>146,610,349</u>	<u>20,797,846</u>	<u>167,408,195</u>
Total Liabilities	<u>159,915,383</u>	<u>23,174,097</u>	<u>183,089,480</u>
NET POSITION			
Net Investment in Capital Assets	29,146,023	16,787,265	45,933,288
Restricted	860,760	-	860,760
Unrestricted	22,727,423	5,904,880	28,632,303
Total Net Position	<u>\$ 52,734,206</u>	<u>\$ 22,692,145</u>	<u>\$ 75,426,351</u>

LOWER PAXTON TOWNSHIP
 COMBINING SCHEDULE OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

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	Sewer Fund	Stormwater Fund	Total
Operating Revenues			
Rentals and Fees	\$ 17,174,964	\$ 3,502,197	\$ 20,677,161
Miscellaneous	<u>70,402</u>	<u>-</u>	<u>70,402</u>
Total Operating Revenues	<u>17,245,366</u>	<u>3,502,197</u>	<u>20,747,563</u>
Operating Expenses			
Cost of Sales and Service	8,972,184	1,229,056	10,201,240
Administration	924,415	398,527	1,322,942
Depreciation Expense	<u>3,191,876</u>	<u>707,731</u>	<u>3,899,607</u>
Total Operating Expenses	<u>13,088,475</u>	<u>2,335,314</u>	<u>15,423,789</u>
Operating Income	<u>4,156,891</u>	<u>1,166,883</u>	<u>5,323,774</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,656,565	531,578	2,188,143
Tapping Fees	277,105	-	277,105
Grant Revenue	1,000,000	-	1,000,000
(Loss on) Sale of Capital Assets	(13,994)	(29,176)	(43,170)
Interest and Amortization, net	(4,675,138)	(668,215)	(5,343,353)
Developer Contributions	<u>915,850</u>	<u>306,606</u>	<u>1,222,456</u>
Total Nonoperating Expenses, net	<u>(839,612)</u>	<u>140,793</u>	<u>(698,819)</u>
Change in Net Position Before Operating Transfers	<u>3,317,279</u>	<u>1,307,676</u>	<u>4,624,955</u>
Transfers In (Out)	<u>951,064</u>	<u>(371,073)</u>	<u>579,991</u>
Net Impact of Transfers	<u>951,064</u>	<u>(371,073)</u>	<u>579,991</u>
Changes In Net Position	<u>4,268,343</u>	<u>936,603</u>	<u>5,204,946</u>
Total Net Position - Beginning of Year	<u>48,465,863</u>	<u>21,755,542</u>	<u>70,221,405</u>
Total Net Position - End of Year	<u>\$ 52,734,206</u>	<u>\$ 22,692,145</u>	<u>\$ 75,426,351</u>

LOWER PAXTON TOWNSHIP
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sewer Fund	Stormwater Fund	Total
Cash Flows From Operating Activities			
Receipts from Customers and Users	\$ 16,336,257	\$ 3,513,901	\$ 19,850,158
Receipts from Miscellaneous Receipts	70,402	-	70,402
Payments to			
Suppliers	(5,395,898)	(487,894)	(5,883,792)
Lower Paxton Township	<u>(2,339,837)</u>	<u>(756,648)</u>	<u>(3,096,485)</u>
Net Cash Provided by Operating Activities	<u>8,670,924</u>	<u>2,269,359</u>	<u>10,940,283</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(7,671,755)	(4,385,698)	(12,057,453)
Disposal of Capital Assets	81,127	(29,176)	51,951
Tapping Fees	277,105	-	277,105
Contributions	915,850	306,606	1,222,456
Bond Proceeds	14,910,231	-	14,910,231
Principal Payments on Long-term Debt	(5,134,156)	(580,000)	(5,714,156)
Interfund Activity	562,172	86,033	648,205
Interest Payments	<u>(5,536,942)</u>	<u>(1,075,484)</u>	<u>(6,612,426)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,596,368)</u>	<u>(5,677,719)</u>	<u>(7,274,087)</u>
Cash Flows from Investing Activities			
Purchase of Investments, net	(9,864,703)	1,473,397	(8,391,306)
Intergovernmental	1,000,000	-	1,000,000
Interest Income	<u>1,730,537</u>	<u>433,261</u>	<u>2,163,798</u>
Net Cash Provided by (Used in) Investing Activities	<u>(7,134,166)</u>	<u>1,906,658</u>	<u>(5,227,508)</u>
Net Decrease in Cash and Cash Equivalents	(59,610)	(1,501,702)	(1,561,312)
Cash and Cash Equivalents, Beginning of Year	<u>1,198,116</u>	<u>1,501,702</u>	<u>2,699,818</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,138,506</u>	<u>\$ -</u>	<u>\$ 1,138,506</u>
Presented in Financial Statements as			
Cash and Cash Equivalents	\$ 1,119,836	\$ -	\$ 1,119,836
Restricted Cash and Cash Equivalents	18,670	-	18,670
	<u>\$ 1,138,506</u>	<u>\$ -</u>	<u>\$ 1,138,506</u>

LOWER PAXTON TOWNSHIP
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sewer Fund	Stormwater Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 4,156,891	\$ 1,166,883	\$ 5,323,774
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	3,191,876	707,731	3,899,607
Change in Assets and Liabilities			
Receivables	(1,028,121)	11,704	(1,016,417)
Accounts Payable	3,003,206	373,444	3,376,650
Due to Other Governments	189,414	-	189,414
Developers Escrows	(6,293)	-	(6,293)
Prepaid Items	(836,049)	9,597	(826,452)
Net Cash Provided by Operating Activities	<u>\$ 8,670,924</u>	<u>\$ 2,269,359</u>	<u>\$ 10,940,283</u>

Supplemental Disclosure of Noncash Transactions
(Capital Related and Investing Activities):

Deferred Loss on Refunding	\$ 156,183
Bond Premium	547,487
Transfer of capital asset	300,000

LOWER PAXTON TOWNSHIP
COMBINING SCHEDULE OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS
DECEMBER 31, 2024

	<u>Non-Uniformed Pension</u>	<u>Police Pension</u>	<u>Fireman's LOSAP</u>	<u>Total</u>
Assets				
Cash	\$ 783,903	\$ 1,124,990	\$ 22,744	\$ 1,931,637
Receivables				
Interest	2,651	4,088	75	6,814
Miscellaneous	700	-	-	700
Investments, at fair value	<u>27,722,794</u>	<u>37,729,940</u>	<u>1,225,436</u>	<u>66,678,170</u>
Total Assets	<u>\$ 28,510,048</u>	<u>\$ 38,859,018</u>	<u>\$ 1,248,255</u>	<u>\$ 68,617,321</u>
Liabilities				
Accounts Payable	\$ 10,829	\$ 700	\$ -	\$ 11,529
Total Liabilities	<u>10,829</u>	<u>700</u>	<u>-</u>	<u>11,529</u>
Net Position Restricted for Pensions	<u>\$ 28,499,219</u>	<u>\$ 38,858,318</u>	<u>\$ 1,248,255</u>	<u>\$ 68,605,792</u>

LOWER PAXTON TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2024

	Non-Uniformed Pension	Police Pension	Fireman's LOSAP	Total
Additions				
Contributions				
Employee	\$ 203,486	\$ 327,398	\$ -	\$ 530,884
Employer	288,426	1,124,125	-	1,412,551
Employer - Commonwealth Funding	<u>547,365</u>	<u>742,404</u>	-	1,289,769
Total Contributions	<u>1,039,277</u>	<u>2,193,927</u>	-	3,233,204
Investment Income				
Interest and Dividends	748,669	1,009,622	33,941	1,792,232
Net Appreciation in Fair Value of Investments	<u>2,124,228</u>	<u>2,827,468</u>	<u>99,610</u>	<u>5,051,306</u>
Net Investment Gain	<u>2,872,897</u>	<u>3,837,090</u>	<u>133,551</u>	<u>6,843,538</u>
Total Additions	<u>3,912,174</u>	<u>6,031,017</u>	<u>133,551</u>	<u>10,076,742</u>
Deductions				
Retirement Benefits	1,302,650	1,952,972	54,720	3,310,342
Refunds to Terminated Employees	32,520	93,680	-	126,200
Administrative	<u>71,887</u>	<u>91,524</u>	<u>9,806</u>	<u>173,217</u>
Total Deductions	<u>1,407,057</u>	<u>2,138,176</u>	<u>64,526</u>	<u>3,609,759</u>
Changes In Net Position				
Total Net Position - Beginning of Year	2,505,117	3,892,841	69,025	6,466,983
Total Net Position - End of Year	<u>25,994,102</u>	<u>34,965,477</u>	<u>1,179,230</u>	<u>62,138,809</u>
	<u>28,499,219</u>	<u>38,858,318</u>	<u>1,248,255</u>	<u>\$ 68,605,792</u>