

**TOWNSHIP OF DERRY  
BASIC FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023  
AND  
INDEPENDENT AUDITOR'S REPORT**

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# *Zelenkofskoe Axellrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Township of Derry  
Hershey, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows 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. The financial statements of the Derry Township Municipal Authority were not audited in accordance with *Government Auditing Standards*. 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***

The Township's 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.



# *Zelenkofske Axelrod LLC*

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Township of Derry  
Hershey, Pennsylvania  
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## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Pronouncements**

As discussed in Note 1 to the financial statements in 2023, the Township adopted certain requirements of GASB Statement No. 93, "Replacement of Interbank Offered Rates", the provisions of GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" and GASB Statement No. 96, "Subscription-Based Information Technology Arrangements", and certain provisions of GASB Statement No. 99, "Omnibus 2022". Our opinion is not modified with respect to these matters.



# *Zelenkofske Axlerod LLC*

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Township of Derry  
Hershey, Pennsylvania  
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## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the net pension (asset) liability and related ratios, schedule of employer contributions, schedule of investment returns and schedule of changes in the Total OPEB liability and related ratios on pages 4 through 17 and 94 through 104 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements, and capital project funds budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor governmental funds budget and actual schedules on pages 106-109 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 and individual nonmajor fund financial statements and nonmajor governmental funds budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 8, 2025

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

This section of the Township of Derry's annual financial report presents a narrative overview and analysis of the Township's financial performance for the fiscal year ended December 31, 2023. Please read this management's discussion and analysis in conjunction with the accompanying financial statements and notes which follow in order to obtain a thorough understanding of the Township's financial conditions at December 31, 2023.

**FINANCIAL HIGHLIGHTS**

- The total assets of the primary government of Derry Township exceeded its liabilities at the close of 2023 by \$50,492,859 (*total net position*).
- At the close of 2023, the Township's governmental funds reported a combined ending total fund balance of \$20,255,075 which is an increase of \$3,399,015 from 2022. Approximately 72.97% of this total, or \$14,780,049 is available for spending at the government's discretion (*unassigned fund balance*).
- The newly constructed Community Center was in operation for a full year in 2023.
- The Township entered into new lease agreements for equipment and vehicles. The total principal amount of the agreements was \$301,082.
- The Township issued a General Obligation Note, Series of 2022 in the amount of \$3,000,000 to provide funds for capital projects. In 2023, the Township disbursed \$747,590 combined with the prior year disbursement of \$955,410 for a total of \$1,703,000 to purchase a fire truck and pay the issuance cost of the Note.
- The Township tax rates remained unchanged in 2023.
- The Township's bond rating from Standard & Poor's Rating Service is AA with a stable outlook for long term general obligation bonds and AA- with a stable outlook for long term revenue bonds.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

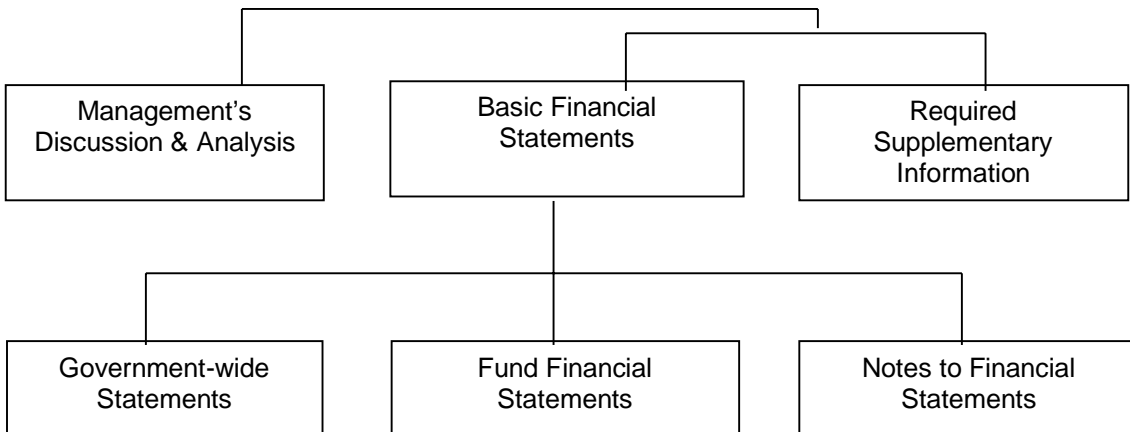
**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report consists of two parts: management's discussion and analysis and the basic financial statements (including notes to the financial statements.) The basic financial statements present two different views of the Township through the use of government-wide statements and fund financial statements:

- The first two statements (pages 18, 19, and 20) are government-wide financial statements that provide long-term and short-term information about the Township's overall financial status.
- The next two statements (pages 21 & 23) are fund financial statements that focus on individual parts of Township government, and report operations in more detail than the government-wide statements.
- The governmental funds statements describe only general government services which include public safety, general government, community development, health and human services, public works, parks and recreation, and library programs.
- The remaining three statements (pages 25, 26, & 27) are proprietary fund statements that provide information about the recycling fund operations and cash flows.
- Fiduciary fund statements provide information about the retirement plans for Township employees in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support Township activities.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, a section with combining statements provides details about the non-major governmental funds that are presented in a single column in the basic financial statements.

Figure A-1  
REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT





**TOWNSHIP OF DERRY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure A-2 summarizes the major features of the Township’s financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of the Township of Derry’s  
Government-wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds)	Entire Township government (except fiduciary funds)	Activities the Township operates similar to private business – Recycling program	Instance in which the Township is the trustee or agent to someone else’s resources – such as the retirement plan for Township employees.
Required financial statements	Statement of net position  Statement of activities	Balance Sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net position  Statement of revenues, expenses and changes in net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure A-2 (Continued)  
Major Features of the Township of Derry's  
Government-wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of asset, deferred outflow, deferred inflow and liability information	All assets, deferred inflows, deferred outflows, liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up, deferred outflows, deferred inflows, and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets, deferred outflows, deferred inflows, and liabilities, both financial and capital, and short-term and long-term.	All assets, deferred outflows, deferred inflows, and liabilities, both short-term and long-term, the Township's funds do not currently contain capital assets, although they can.
Type of inflow-outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

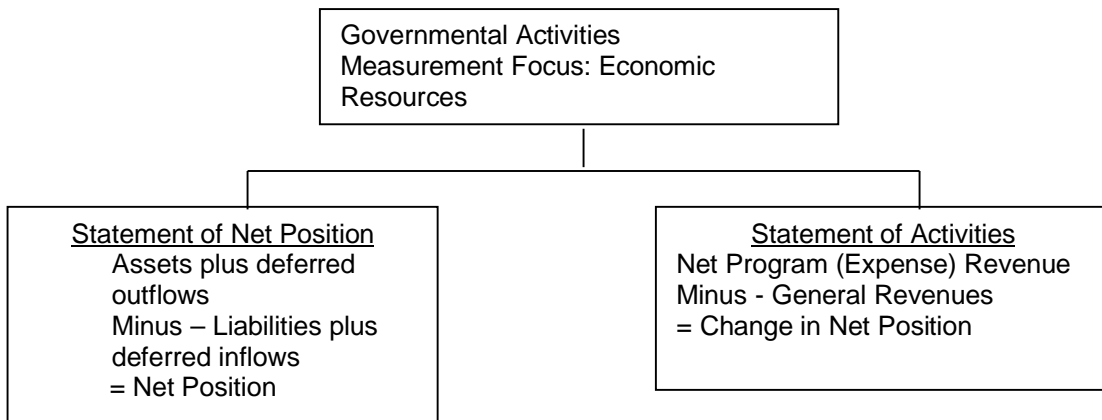
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-wide Statements**

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Township's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. The statement of net position includes all of the Township's assets, deferred outflows, deferred inflows, and liabilities, except fiduciary funds. Net position – the difference between the Township's assets and deferred outflows, and liabilities and deferred inflows – is one way to measure the Township's financial health, or position. Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating. The statement of activities focuses on how the Township's net position changed during the year. Additional non-financial factors such as changes in the Township's real property tax base and general economic conditions must be considered to assess the overall position of the Township. The primary features of government-wide financial statements are reflected in Figure A-3.

Figure A-3  
 Primary Features of Government-wide Financial Statements



- *Governmental activities* - Most of the Township's basic services are included here, such as the police, fire, public works, recreation departments, and general administration. Property and earned income taxes, amusement tax, parking tax, occupation tax, charges for services, and state grants finance most of these activities.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting groups that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law.

The Township has three kinds of funds:

- *Governmental funds* – Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation that follows the fund financial statements.
- *Proprietary funds* – Services for which the Township charges customers a fee are generally reported in proprietary funds. The only proprietary fund of the Township includes its recycling fund. Proprietary fund statements offer short and long-term financial information about activities the Township operates like a business.
- *Fiduciary funds* – The Township is the trustee, or fiduciary, for one single-employer police pension plan. This plan covers all full-time police officers. The Township is responsible for ensuring that the assets reported in this fund are used for its intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE**

The Township's net position - governmental activities at December 31 are presented below:

Summary of Statement of Net Position		
December 31		
	Governmental Activities	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 45,622,456	\$ 42,002,004
Capital assets	92,500,336	94,845,374
Non-current assets	<u>4,490,258</u>	<u>7,934,013</u>
<b>Total assets</b>	<b><u>\$142,613,050</u></b>	<b><u>\$144,781,391</u></b>
Deferred losses on refundings	83,100	103,070
Deferred loss Swap termination	1,818,712	1,925,695
Deferred outflows – OPEB	1,974,393	2,243,630
Deferred outflows – Pension	<u>3,603,542</u>	<u>5,230,403</u>
<b>Total deferred outflows</b>	<b><u>7,479,747</u></b>	<b><u>9,502,798</u></b>
Current and other liabilities	3,854,404	2,746,868
Non-current liabilities	<u>90,907,620</u>	<u>95,565,115</u>
<b>Total liabilities</b>	<b><u>\$ 94,762,024</u></b>	<b><u>\$ 98,311,983</u></b>
Deferred inflows - OPEB	4,201,944	1,335,235
Deferred inflows - Pension	<u>836,199</u>	<u>6,033,034</u>
<b>Total deferred inflows</b>	<b><u>\$ 5,038,143</u></b>	<b><u>\$ 7,368,269</u></b>
<b>Net position:</b>		
Net investment in capital assets	\$ 43,677,178	\$ 44,782,041
Restricted	4,880,333	5,013,462
Unrestricted	<u>1,735,119</u>	<u>(1,191,566)</u>
<b>Total net position</b>	<b><u>\$ 50,292,630</u></b>	<b><u>\$ 48,603,937</u></b>

**Assets**

At December 31, 2023, the Township's total governmental assets and deferred outflows of resources totaled \$150,092,797. Of this amount, \$92,500,336 is accounted for by capital assets, which include infrastructure, buildings and equipment. Net investment in capital assets totaled \$43,677,178 at December 31, 2023.

Increases in current and other assets resulted from higher cash on hand at the end of the year compared to prior year. Decreases in liabilities resulted primarily from a lower post-retirement benefit liability and lower long-term debt as compared to prior year.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE (CONTINUED)**

The following presents the Township's change in net position – governmental activities for the fiscal years ended December 31:

<b>Change in Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 5,115,815	\$ 3,520,805
Operating grants and contributions	1,702,552	2,607,140
Capital grants and contributions	1,079,187	1,063,490
General revenues		
Property taxes	5,577,425	5,551,131
Other taxes	14,413,442	13,471,770
Interest Income	1,048,122	304,249
Other	467,466	409,522
Transfers	79,093	(1,442,039)
<b>Total revenues and transfers</b>	<u>\$ 29,483,102</u>	<u>\$ 25,438,270</u>
<b>Program expenses</b>		
General government	4,084,968	2,781,137
Public works	5,494,593	6,182,517
Health and human services	17,789	19,199
Culture and recreation	6,433,548	4,377,279
Public safety and community development	10,132,193	10,152,653
Interest and fiscal charges	1,631,318	1,640,890
<b>Total expenses</b>	<u>27,794,409</u>	<u>25,153,675</u>
<b>Change in net position</b>	1,688,693	330,395
<b>Net position beginning</b>	<u>48,603,937</u>	<u>48,276,542</u>
<b>Net position ending</b>	<u>\$ 50,292,630</u>	<u>\$ 48,603,937</u>

**TOWNSHIP OF DERRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2023**

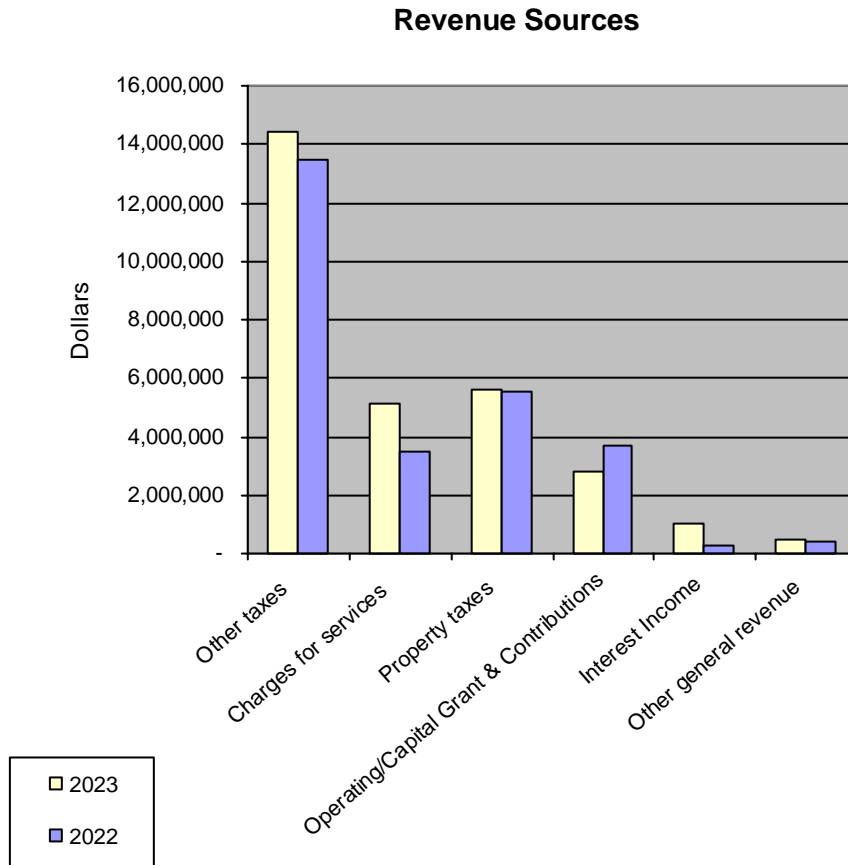
**FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE (CONTINUED)**

**Revenue Sources**

Total government-wide revenues of \$29,483,102, a 15.9% increase from 2022, were derived primarily from earned income tax, transfer taxes and other taxes, representing \$14,413,442 of the total. Property taxes made up the second largest source of revenue at \$5,577,425. Charges for services made up the third largest source of revenue at \$5,115,815, followed by operating grants and contributions of \$1,702,552. Other sources of revenue include capital grants and contributions of \$1,079,187, interest income of \$1,048,122, and other general revenues of \$467,466.

In addition to government revenues, there is a \$79,093 transfer from Recycling fund.

The following chart graphically depicts the government-wide sources of revenues for the fiscal years ended December 31:



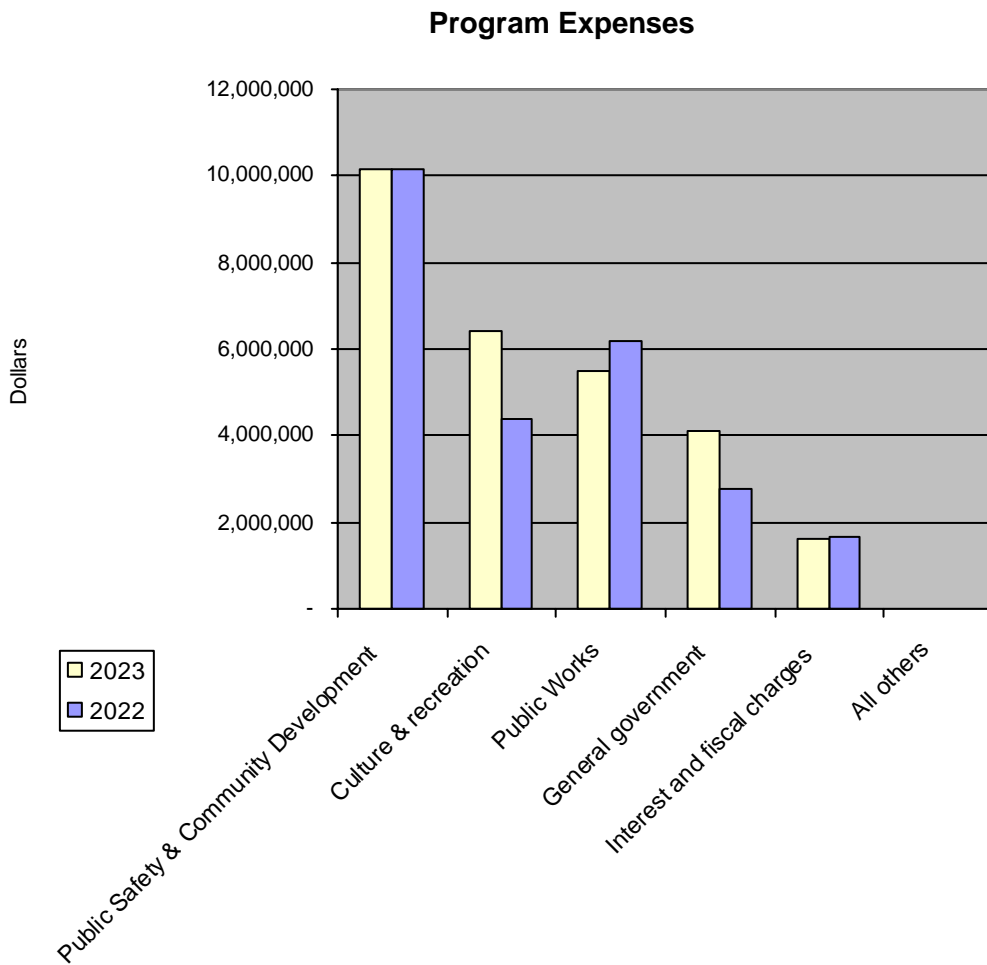
**TOWNSHIP OF DERRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2023**

**FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE (CONTINUED)**

**Program Expenses:**

Total expenses for all programs in 2023 were \$27,794,409, an increase of 10.5% from 2022. The expenses cover a range of services, with the largest being public safety and community development at \$10,132,193. The second largest program area was culture and recreation at \$6,433,548, followed by public works at \$5,494,593, general government at \$4,084,968, interest and fiscal charges at \$1,631,318, and all others totaling \$17,789.

This chart graphically depicts the government-wide program expenses for the fiscal years ended December 31:





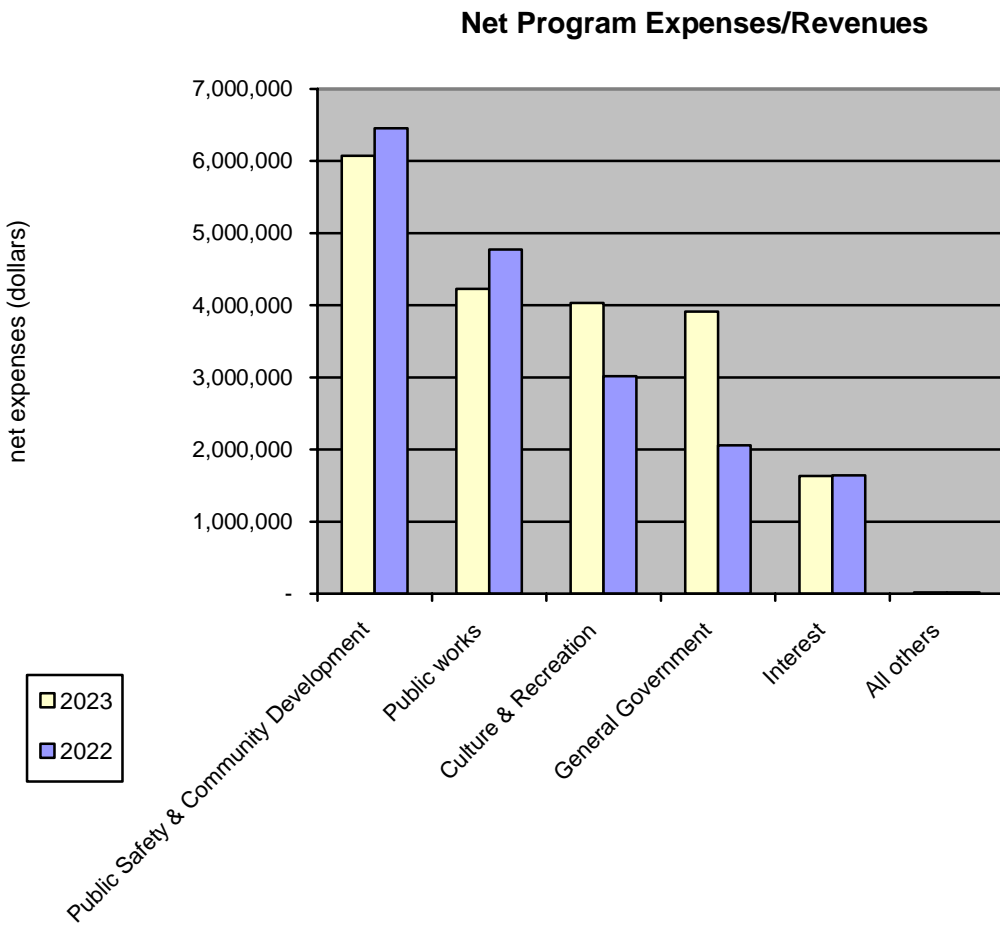
**TOWNSHIP OF DERRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2023**

**FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE (CONTINUED)**

**Net Program Expenses/Revenues**

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety and community development expenses required the most general revenue for support, utilizing \$6,071,318 in 2023. Public works required \$4,228,413 of general revenues for support, while culture and recreation required \$4,033,894, general government required \$3,914,123, and health and human services required \$17,789. Interest and fiscal charges required \$1,631,318.

The following chart graphically depicts the net program expenses/revenues by function/program for the fiscal years ended December 31:



**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

The Township's governmental funds reported a net increase of \$3,399,015 in 2023 and a combined fund balance \$20,255,075 at year end. Of this combined fund balance \$14,780,049 or 72.97% represents unassigned fund balance, meaning it is available to meet the Township's current and future needs. Of the remaining fund balance, \$219,494 is nonspendable, \$4,880,333 is restricted, and \$375,199 is committed.

**General Fund Budgetary Highlights**

During 2023, actual expenditures and other financing uses were slightly lower than budgeted appropriations by \$166,512 or 0.7%. Actual revenues and other financing sources were higher than anticipated by \$5,395,819 or 24.5%. The variance resulted from earned income tax revenues, amusement tax and parking tax which were \$1,635,646 higher than anticipated. In addition, charge for services was \$1,274,023 higher than budget primarily due to building permits for new construction by The Hershey Company. Interest income was \$718,639 higher than budget.

**Capital Projects Fund**

The Capital Projects Fund accounts for the purchase of Township capital assets and debt service payments. Sources of funds for the Capital Projects Fund include grants and contributions, loan proceeds, and transfers from other funds. The largest 2023 expenditures were \$3,369,142 for debt service.

**Recycling Fund**

The Recycling Fund is the Township's only proprietary fund and accounts for the costs and disposal of recyclable waste of the Township's residents. Total assets of the fund for the year ended December 31, 2023 totaled \$361,683 as compared to \$270,137 in the prior year. Operating revenue for the year ended December 31, 2023 was \$367,319 as compared to \$409,265 for the prior year.

**TRUST AND AGENCY OPERATIONS**

**Pension Trust Fund**

The Township of Derry has two pension plans – general employees and police. It also has a cash balance plan. The only direct municipal involvement in the administration of the plans is the calculation of benefits for retirees, which are then paid by the trustee. As of December 31, 2023, the plan's net pension liability amounted to \$2,621,058 as compared to the prior year net pension asset of \$1,057,529, resulting in a year over year change of \$3,678,587.

During 2023, contributions were required in both municipal pension plans. In the non-uniform plan and the cash balance plan, the actuarial accrued liability of assets exceeds the actuarial value of assets by \$717,406 as of December 31, 2022, the date of the last actuarial valuation report. In the Police Pension plan, the actuarial accrued liability of assets exceeds the actuarial value of assets by \$1,903,652 as of December 31, 2023, the date of the last actuarial valuation report.

The required supplementary information located at the conclusion of the Notes to Financial Statements provides the details on the plan's funding progress.

**TOWNSHIP OF DERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**December 31, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Township's investment in capital assets at December 31, 2023, net of accumulated depreciation, amounted to \$92,500,335, an decrease of 2.5% from the prior year. Assets consist primarily of land, buildings and improvements, equipment and infrastructure. Following is a summary of capital assets at December 31.

**Summary of Capital Assets**

	<b>2023</b>	<b>2022</b>
<b>Land</b>	\$ 3,635,502	\$ 3,635,502
<b>Held for Resale</b>	65,919	42,111
<b>Building, and land and building</b>		
<b>Improvements</b>	59,429,886	59,300,386
<b>Infrastructure</b>	70,387,517	69,711,177
<b>Right of use</b>	803,933	803,933
<b>Furniture, equipment and other capital</b>		
<b>assets</b>	<u>18,159,312</u>	<u>16,926,397</u>
<b>Total capital assets</b>	<u>\$ 152,482,069</u>	<u>\$ 150,419,506</u>
<b>Less: accumulated depreciation for:</b>		
<b>Held for Resale</b>	65,919	42,111
<b>Building, and land and building</b>		
<b>Improvements</b>	18,353,499	16,173,927
<b>Infrastructure</b>	28,009,035	26,841,837
<b>Right of use</b>	402,889	307,038
<b>Furniture, equipment and other capital</b>		
<b>assets</b>	<u>13,150,391</u>	<u>12,209,219</u>
<b>Total accumulated depreciation</b>	<u>59,981,733</u>	<u>55,574,132</u>
<b>Total</b>	<u>\$ 92,500,336</u>	<u>\$ 94,845,374</u>

More detailed information about the Township's capital assets can be found in Note 5 of the notes to financial statements.

**Long-term Debt**

At December 31, 2023, the Township had \$72,393,157 of debt outstanding. This represents a decrease of \$2,225,178 or 3.0% from the previous year which is primarily due the principal retirement of debt in excess of new bond issuances. The new bonds were used to fund the purchase of equipment and machinery. The following table details activity related to long term debt activity during 2023 and 2022:

**Summary of Long-term Debt Activity**

	<b>2023</b>	<b>2022</b>
Beginning Balance at 1/1	\$ 74,618,335	\$ 76,260,618
New debt proceeds	1,048,672	1,639,658
Principal retirement	<u>(3,273,850)</u>	<u>(3,281,941)</u>
Ending Balance at 12/31	72,393,157	74,618,335
Less: Due from DTMA	<u>(23,570,000)</u>	<u>(24,555,000)</u>
<b>Total</b>	<u>\$ 48,823,157</u>	<u>\$ 50,063,335</u>

**TOWNSHIP OF DERRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

In addition to general obligation bond debt, compensated absences for December 31, 2023 and 2022 were \$831,769 and \$703,378, respectively.

**BOND RATING**

The Township bond rating from Standard and Poor's is AA with a stable outlook for long term general obligation bonds and AA- with a stable outlook for long term revenue bonds. More detailed information about the Township's general long-term debt activity can be found in Note 8 of the Notes to Financial Statements.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Mr. Zach Jackson  
Township Manager  
600 Clearwater Road  
Hershey, PA 17033

Separately issued financial statements for the Township's component unit, the Derry Township Municipal Authority, can be obtained by contacting the Authority directly. The address is 670 Clearwater Road; Hershey, PA 17033.

**TOWNSHIP OF DERRY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 16,682,133	\$ 25	\$ 16,682,158	\$ 9,999,081
Receivables				
Accounts	348,636	21,172	369,808	565,847
Taxes, net	4,802,181	-	4,802,181	-
Lease	-	-	-	390,380
Component unit	23,570,000	-	23,570,000	-
Due from other governments	12	128,785	128,797	-
Inventory	20,619	43,330	63,949	-
Prepaid expenses	198,875	-	198,875	183,812
Restricted cash and cash equivalents	4,485,386	-	4,485,386	24,369,911
Net Pension Asset	4,872	-	4,872	-
Capital assets				
Land and construction in progress	3,635,502	-	3,635,502	29,850,544
Held for resale	65,919	-	65,919	-
Depreciable capital assets, net	88,798,915	168,371	88,967,286	79,978,247
Capital assets, net	<u>92,500,336</u>	<u>168,371</u>	<u>92,668,707</u>	<u>109,828,791</u>
<b>Total Assets</b>	<u>142,613,050</u>	<u>361,683</u>	<u>142,974,733</u>	<u>145,337,822</u>
<b>Deferred Outflows of Resources</b>				
Deferred loss - Debt refundings	83,100	-	83,100	954,870
Deferred loss - Swap termination	1,818,712	-	1,818,712	-
Deferred outflows - OPEB	1,974,393	-	1,974,393	175,882
Deferred outflows - Pension	3,603,542	-	3,603,542	-
<b>Total Deferred Outflows of Resources</b>	<u>7,479,747</u>	<u>-</u>	<u>7,479,747</u>	<u>1,130,752</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 150,092,797</u>	<u>\$ 361,683</u>	<u>\$ 150,454,480</u>	<u>\$ 146,468,574</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 1,879,988	\$ 30,178	\$ 1,910,166	\$ 2,320,393
Retainage Payable	61,030	-	61,030	-
Accrued wages	403,746	-	403,746	55,998
Accrued and withheld payroll tax	158,790	-	158,790	-
Accrued interest payable	157,304	-	157,304	93,617
Escrow payable, payable from restricted assets	787,019	-	787,019	-
Other short-term liabilities	-	500	500	-
Contingent Liability	-	130,776	130,776	-
Unearned revenue	406,527	-	406,527	-
Long-term liabilities				
Due within one year - finance purchases	404,584	-	404,584	-
Due within one year - long term debt	2,726,309	-	2,726,309	3,247,000
Due within one year - lease liabilities	98,386	-	98,386	348,583
Compensated absences	831,769	-	831,769	206,610
Net pension liability	2,625,930	-	2,625,930	-
Other postemployment benefit liability	11,840,544	-	11,840,544	1,457,299
Due in more than one year - lease liability	449,605	-	449,605	1,531,151
Due in more than one year - finance purchases	1,155,727	-	1,155,727	-
Due in more than one year, net - long term debt	70,774,766	-	70,774,766	62,616,378
Long-term liabilities	90,907,620	-	90,907,620	69,407,021
<b>Total Liabilities</b>	<b>94,762,024</b>	<b>161,454</b>	<b>94,923,478</b>	<b>71,877,029</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - OPEB	4,201,944	-	4,201,944	122,630
Deferred inflows - Leases	-	-	-	379,633
Deferred Inflows - Pension	836,199	-	836,199	-
<b>Total Deferred Inflows of Resources</b>	<b>5,038,143</b>	<b>-</b>	<b>5,038,143</b>	<b>502,263</b>
<b>Net Position</b>				
Net investment in capital assets	43,677,178	168,371	43,845,549	61,687,186
Restricted for:				
Donor, grant and bond restrictions	3,698,367	-	3,698,367	-
Street improvements and equipment	1,181,966	-	1,181,966	-
Unrestricted	1,735,119	31,858	1,766,977	12,402,096
<b>Total Net Position</b>	<b>50,292,630</b>	<b>200,229</b>	<b>50,492,859</b>	<b>74,089,282</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 150,092,797</b>	<b>\$ 361,683</b>	<b>\$ 150,454,480</b>	<b>\$ 146,468,574</b>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General government	\$ 4,084,968	\$ 138,384	\$ 32,461	\$ -	\$ (3,914,123)	\$ -	\$ (3,914,123)	
Public safety	9,253,793	930,683	299,885	794,364	(7,228,861)	-	(7,228,861)	
Community development	878,400	2,035,943	-	-	1,157,543	-	1,157,543	
Health and human services	17,789	-	-	-	(17,789)	-	(17,789)	
Public works	5,494,593	190,205	791,152	284,823	(4,228,413)	-	(4,228,413)	
Parks and recreation	5,240,708	1,809,317	468,826	-	(2,962,565)	-	(2,962,565)	
Library	1,192,840	11,283	110,228	-	(1,071,329)	-	(1,071,329)	
Interest and fiscal charges	1,631,318	-	-	-	(1,631,318)	-	(1,631,318)	
<b>Total Governmental Activities</b>	<b>27,794,409</b>	<b>5,115,815</b>	<b>1,702,552</b>	<b>1,079,187</b>	<b>(19,896,855)</b>	<b>-</b>	<b>(19,896,855)</b>	
<b>Business-Type Activities:</b>								
Recycling	122,834	238,534	128,785	-	-	244,485	244,485	
<b>Total Primary Government</b>	<b>\$27,917,243</b>	<b>\$ 5,354,349</b>	<b>\$ 1,831,337</b>	<b>\$ 1,079,187</b>	<b>\$ (19,896,855)</b>	<b>\$ 244,485</b>	<b>\$ (19,652,370)</b>	
<b>Component Unit:</b>								
Derry Township Municipal Authority	\$ 16,335,404	\$ 13,216,877	\$ 103,000	\$ -				\$ (3,015,527)
<b>Total Component Unit:</b>	<b>\$ 16,335,404</b>	<b>\$ 13,216,877</b>	<b>\$ 103,000</b>	<b>\$ -</b>				<b>\$ (3,015,527)</b>
<b>General Revenues:</b>								
Taxes:								
General property taxes					5,577,425	-	5,577,425	-
Other taxes					14,413,442	-	14,413,442	-
Payment in lieu					426,738	-	426,738	-
Interest and investment earnings					1,048,122	727	1,048,849	1,372,971
Developer contributions					-	-	-	13,588,870
Miscellaneous					40,728	-	40,728	870,072
Transfers					79,093	(79,093)	-	-
<b>Total General Revenues</b>					<b>21,585,548</b>	<b>(78,366)</b>	<b>21,507,182</b>	<b>15,831,913</b>
<b>Changes in Net Position</b>					<b>1,688,693</b>	<b>166,119</b>	<b>1,854,812</b>	<b>12,816,386</b>
<b>Net Position, January 1</b>					<b>48,603,937</b>	<b>34,110</b>	<b>48,638,047</b>	<b>61,272,896</b>
<b>Net Position, December 31</b>					<b>\$ 50,292,630</b>	<b>\$ 200,229</b>	<b>\$ 50,492,859</b>	<b>\$ 74,089,282</b>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 15,500,167	\$ -	\$ 1,181,966	\$ 16,682,133
Receivables				
Accounts	348,636	-	-	348,636
Taxes, net	4,798,408	-	3,773	4,802,181
Due from other governments	12	-	-	12
Inventory	20,619	-	-	20,619
Prepaid expenses	198,875	-	-	198,875
Restricted cash and cash equivalents	787,019	3,698,367	-	4,485,386
<b>Total Assets</b>	<u>\$ 21,653,736</u>	<u>\$ 3,698,367</u>	<u>\$ 1,185,739</u>	<u>\$ 26,537,842</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,754,624	\$ 93,593	\$ 31,771	\$ 1,879,988
Retainage Payable	-	61,030	-	61,030
Accrued wages	403,746	-	-	403,746
Accrued and withheld payroll tax	158,790	-	-	158,790
Unearned revenue	215,739	190,788	-	406,527
Escrow payable, payable from restricted assets	787,019	-	-	787,019
<b>Total Liabilities</b>	<u>3,319,918</u>	<u>345,411</u>	<u>31,771</u>	<u>3,697,100</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	2,583,877	-	1,790	2,585,667
<b>Total Deferred Inflows of Resources</b>	<u>2,583,877</u>	<u>-</u>	<u>1,790</u>	<u>2,585,667</u>
<b>Fund Balance</b>				
Nonspendable	219,494	-	-	219,494
Restricted				
Restricted for donor, grant and legislated restrictions	-	3,698,367	-	3,698,367
Restricted for street improvements and equipment	-	-	1,181,966	1,181,966
Committed	375,199	-	-	375,199
Unassigned	15,155,248	(345,411)	(29,788)	14,780,049
<b>Total Fund Balance</b>	<u>15,749,941</u>	<u>3,352,956</u>	<u>1,152,178</u>	<u>20,255,075</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 21,653,736</u>	<u>\$ 3,698,367</u>	<u>\$ 1,185,739</u>	<u>\$ 26,537,842</u>

See accompanying notes to the financial statements.



**TOWNSHIP OF DERRY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

<b>Total Fund Balance - Governmental Funds</b>		\$ 20,255,075
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		92,500,336
Net Pension assets are not financial resources and, therefore, are not reported in the funds.		4,872
Net Pension liability are not financial resources and, therefore, are not reported in the funds.		(2,625,930)
Losses on refundings and unamortized swap costs are not financial resources and, therefore, are not reported in the funds.		1,901,812
Deferred inflows and outflows related to pension activity are not financial resources and, therefore, are not reported in the funds.		2,767,343
Deferred inflows and outflows related to other post employment benefits activity are not financial resources and, therefore, are not reported in the funds.		(2,227,551)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. Taxes		2,585,667
Interest expense on long-term debt is not recognized on the fund statements until due.		(157,304)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds, loans, agreement and leases payable (less amounts due from other governments for debt service), net of unamortized premium	(51,491,386)	
Long-term lease liabilities	(547,991)	
Compensated absences	(831,769)	
Other postemployment benefit liability	(11,840,544)	
	(64,711,690)	
<b>Net Position - Governmental Activities</b>		<b>\$ 50,292,630</b>

See accompanying notes to the financial statements.

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

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 19,758,953	\$ -	\$ 266,195	\$ 20,025,148
Licenses and permits	423,644	-	-	423,644
Fines and forfeits	139,513	-	-	139,513
Interest and rents	918,639	194,675	77,278	1,190,592
Intergovernmental revenues	1,548,993	284,823	790,152	2,623,968
Charges for services	3,893,034	1,613	-	3,894,647
Miscellaneous revenues	777,246	363,728	-	1,140,974
<b>Total Revenues</b>	<u>27,460,022</u>	<u>844,839</u>	<u>1,133,625</u>	<u>29,438,486</u>
<b>Expenditures</b>				
General government	2,616,841	44,594	-	2,661,435
Public safety	8,931,856	1,562,866	-	10,494,722
Community development	843,544	-	-	843,544
Health and human services	17,789	-	-	17,789
Public works	3,083,755	859,350	1,233,770	5,176,875
Parks and recreation	3,102,424	388,679	-	3,491,103
Library	1,117,954	-	-	1,117,954
Debt service				
Principal	-	1,677,665	-	1,677,665
Interest and fiscal charges	-	1,691,477	-	1,691,477
<b>Total Expenditures</b>	<u>19,714,163</u>	<u>6,224,631</u>	<u>1,233,770</u>	<u>27,172,564</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	4,337,708	121,759	4,459,467
Operating transfers out	(4,380,374)	-	-	(4,380,374)
Bond proceeds	-	747,590	-	747,590
Lease proceeds	-	301,082	-	301,082
Proceeds from sale of equipment	-	5,328	-	5,328
<b>Total Other Financing Sources (Uses)</b>	<u>(4,380,374)</u>	<u>5,391,708</u>	<u>121,759</u>	<u>1,133,093</u>
<b>Net Changes in Fund Balance</b>	<u>3,365,485</u>	<u>11,916</u>	<u>21,614</u>	<u>3,399,015</u>
<b>Fund Balance, January 1</b>	<u>12,384,456</u>	<u>3,341,040</u>	<u>1,130,564</u>	<u>16,856,060</u>
<b>Fund Balance, December 31</b>	<u>\$ 15,749,941</u>	<u>\$ 3,352,956</u>	<u>\$ 1,152,178</u>	<u>\$ 20,255,075</u>

See accompanying notes to the financial statements.

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

<b>Net change in fund balance - governmental funds</b>	<b>\$ 3,399,015</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	(2,249,187)
Governmental funds report bond premiums, losses on refundings and swap termination fees as revenues and expenditures. However, in the Statement of Activities, these costs are amortized over the maturity period of the debt. This is the amount of amortization in the current period.	76,780
The repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,677,665
Payments on leased assets is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	94,252
Amortization expense for leased assets in accordance with GASB No. 87	(95,851)
The decrease in the net pension asset is reflected as a reduction of expense on the Statement of Activities, but is not included in the fund statements.	(3,678,587)
The deferred inflows and outflows for the pension is reflected on the Statement of Activities, but is not included in the fund statements.	3,569,974
Lease payments are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the government-wide statements.	516,936
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net deferred tax revenue that is earned for 2023, but not collected in time to meet current obligations.	(34,281)
The decrease in accrued interest payable is reflected as a decrease in expense on the Statement of Activities, but is not included in the fund statements.	9,150
Revenues related to bond proceeds are reported as revenue in the fund statements but are recorded as long term debt payable on the Statement of Net Position	(747,590)
Revenues related to lease proceeds are reported as revenue in the fund statements but are recorded as long term lease liabilities on the Statement of Net Position	(301,082)
The decrease in the accrued other postemployment benefit liability is reflected as an expense on the Statement of Activities, but is not included in the fund statements.	2,715,836
The deferred inflows and outflows for the other postemployment benefits is reflected as revenue on the Statement of Activities, but is not included in the fund statements.	(3,135,946)
The increase in compensated absence liabilities is reflected on the Statement of Activities, but is not included in the fund statements.	<u>(128,391)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,688,693</u></b>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND - RECYCLING  
DECEMBER 31, 2023**

**Assets**

**Current Assets**

Cash and cash equivalents	\$	25
Due from other governments		128,785
Accounts receivable		21,172
		149,982

**Total Current Assets**

149,982

**Other Assets**

Inventory		43,330
Capital assets, net of accumulated depreciation		168,371
		211,701

**Total Other Assets**

211,701

**Total Assets**

\$ 361,683

**Liabilities and Net Position**

**Current Liabilities**

Accounts payable	\$	30,178
Customer deposit		500
Contingent liability		130,776
		161,454

**Total Current Liabilities**

161,454

**Net Position**

Net investment in capital assets		168,371
Unrestricted		31,858
		200,229

**Total Net Position**

200,229

**Total Liabilities and Net Position**

\$ 361,683

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - PROPRIETARY FUND - RECYCLING**  
**YEAR ENDED DECEMBER 31, 2023**

<b>Operating Revenues</b>	
Charges for service	\$ 238,534
Intergovernmental	128,785
	<hr/>
<b>Total Operating Revenues</b>	<b>367,319</b>
<b>Operating Expenses</b>	
Wages and employee benefits	41,215
Materials and supplies	6,012
Contracted services and other charges	38,668
Depreciation	36,939
	<hr/>
<b>Total Operating Expenses</b>	<b>122,834</b>
<b>Operating Income</b>	<b>244,485</b>
<b>Non-Operating Revenue</b>	
Interest income	727
	<hr/>
<b>Total Non-Operating Revenue</b>	<b>727</b>
<b>Income Before Transfers</b>	<b>245,212</b>
Transfers out	(79,093)
	<hr/>
<b>Change in Net Position</b>	<b>166,119</b>
<b>Net Position, January 1</b>	<b>34,110</b>
	<hr/>
<b>Net Position, December 31</b>	<b>\$ 200,229</b>
	<hr/> <hr/>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - RECYCLING  
YEAR ENDED DECEMBER 31, 2023**

<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 246,225
Payments to suppliers	(126,644)
Payments for employee services	(41,215)
<b>Net cash provided by operating activities</b>	<u>78,366</u>
 <b>Cash flow from noncapital financing activities:</b>	
Interest Income	727
Interfund activity	(79,093)
<b>Net cash used in investing activities</b>	<u>(78,366)</u>
 <b>Cash flow from financing activities:</b>	
 <b>Cash and cash equivalents beginning of year</b>	
	<u>25</u>
<b>Cash and cash equivalents end of year</b>	<u><u>\$ 25</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 244,485
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	36,939
Changes in assets and liabilities:	
Decrease in receivables	7,691
Increase in due from other governments	(128,785)
Increase in inventory	(7,391)
Decrease in accounts payable	(2,073)
Decrease in contingent liabilities	(72,500)
<b>Net cash provided by operating activities</b>	<u><u>\$ 78,366</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
DECEMBER 31, 2023**

	<u>Police Pension Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,015,754
Investments	24,284,950
Accrued income	<u>50,158</u>
<b>Total Assets</b>	<b><u><u>\$ 28,350,862</u></u></b>
<b>Total Liabilities</b>	<b><u>\$ -</u></b>
<b>Net Position</b>	
Restricted for pension benefits	<u>28,350,862</u>
<b>Total Net Position</b>	<b><u>28,350,862</u></b>
<b>Total Liabilities and Net Position</b>	<b><u><u>\$ 28,350,862</u></u></b>

See the accompanying notes to the financial statements.

**TOWNSHIP OF DERRY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Component Unit
	Police Pension Fund
<b>Additions</b>	
Contributions:	
Member contributions	\$ 176,663
Employer contributions	583,984
Total contributions	760,647
Investment income:	
Net increase	
in fair value of investments	2,681,455
Interest and dividends	638,542
Total investment income	3,319,997
<b>Total Additions</b>	4,080,644
<b>Deductions</b>	
Benefits	1,353,758
Administrative expenses	118,412
<b>Total Deductions</b>	1,472,170
<b>Net Increase</b>	2,608,474
<b>Net Position:</b>	
<b>January 1</b>	25,790,188
<b>December 31</b>	\$ 28,398,662

See the accompanying notes to the financial statements.



**TOWNSHIP OF DERRY  
COMBINING STATEMENT OF NET POSITION -  
DISCRETELY PRESENTED COMPONENT UNIT  
DECEMBER 31, 2023**

	Component Unit
<b>Assets</b>	
Cash and cash equivalents	\$ 9,999,081
Receivables	
Accounts	565,847
Lease	390,380
Prepaid expenses	183,812
Restricted cash and cash equivalents	24,369,911
Capital assets	
Land and construction in progress	29,850,544
Depreciable capital assets, net	79,978,247
Capital assets, net	<u>109,828,791</u>
<b>Total Assets</b>	<u>145,337,822</u>
<b>Deferred Outflows of Resources</b>	
Deferred loss - Debt refundings	954,870
Deferred outflows - OPEB	175,882
<b>Total Deferred Outflows of Resources</b>	<u>1,130,752</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 146,468,574</u>
<b>Liabilities</b>	
Accounts payable	2,320,393
Accrued wages	55,998
Accrued interest payable	93,617
Long-term liabilities	
Due within one year - long term debt	3,247,000
Due within one year - lease liabilities	348,583
Compensated absences	206,610
Other postemployment benefit liability	1,457,299
Due in more than one year - lease liability	1,531,151
Due in more than one year, net - long term debt	62,616,378
Long-term liabilities	<u>69,407,021</u>
<b>Total Liabilities</b>	<u>71,877,029</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - Leases	379,633
Deferred inflows - OPEB	122,630
<b>Total Deferred Inflows of Resources</b>	<u>502,263</u>
<b>Net Position</b>	
Net investment in capital assets	61,687,186
Unrestricted	12,402,096
<b>Total Net Position</b>	<u>74,089,282</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 146,468,574</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY**  
**COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT**  
**UNIT**  
**YEAR ENDED DECEMBER 31, 2023**

	Derry Township Municipal Authority
<b>Revenues</b>	
Charges for services	\$ 13,216,877
Interest and investment earnings	1,372,971
Operating grants and contributions	103,000
Developer contributions	13,588,870
Other	870,072
<b>Total Revenues</b>	29,151,790
<b>Expenditures</b>	
Current:	
Solid waste	16,335,404
<b>Total Expenditures</b>	16,335,404
<b>Changes in Net Position</b>	12,816,386
<b>Net Position, January 1</b>	61,272,896
<b>Net Position, December 31</b>	\$ 74,089,282

See accompanying notes to the financial statements.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Derry, Pennsylvania (the Township) was organized in 1729 and operates as a Second Class Township. The Township, which operates as a board/manager form of government, is a suburb of Harrisburg with approximately 25,000 residents and an area of 27 square miles.

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

The accounting and reporting framework and the more significant accounting principles and practices of the Township are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Township's financial activities for the year ended December 31, 2023.

**A. Reporting Entity**

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus amended by GASB Statement No. 80*, established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the Township's financial reporting entity are financial interdependencies, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financing relationships.

**COMPONENT UNITS**

The following entities are considered to be component units of the Township:

*Derry Township Municipal Authority (DTMA)*

The seven members of the Derry Township Municipal Authority are appointed by the Board of Supervisors to serve a term of five years. The Board is responsible for conducting all business necessary to acquire, hold, construct, improve, maintain, operate, own and lease sewers, sewer systems, interceptor lines, sewage treatment works and works for the treatment and disposal of industrial waste. Separately published financial statements of the above component unit are available for inspection in the Authority's office at 670 Clearwater Road, Hershey, PA 17033.

**Fiduciary Component Unit**

In accordance with the guidance contained in GASB Statement No. 84, "Fiduciary Activities", the Township has determined the Police Pension Fund ("Fund") to be a fiduciary component unit. The Fund was established to provide retirement, disability and death benefits to eligible retirees of the Township. The Fund 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 Supervisors function as the governing board, and (3) the Fund imposes a financial burden to the Township as it is legally obligate to make contributions to the plan.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A. Reporting Entity- (Continued)

RELATED ORGANIZATIONS

Related organizations are not component units, yet there is some form of accountability, other than financial accountability that exists between the primary government and the related organization because of the appointment authority. The following are related organizations of the Township:

*Township of Derry General Authority*

The Township of Derry General Authority was created by ordinance of the Board of Supervisors of the Township of Derry on August 10, 1999. This Authority was created for the purpose of exercising and enjoying all powers capable of being exercised by a municipal authority under the Municipal Authorities Act of 1945 or any other Pennsylvania legislation. The Board is comprised of five members who are appointed to five year terms with only one member's term expiring each year.

*Township of Derry Industrial and Commercial Development Authority (ICDA)*

The ICDA was founded in 1999 and exercises all powers of an industrial and commercial development authority as authorized under the Economic Development Financing Law, Act 74 of 1993, as amended and supplemented. The Board is composed of five members with terms expiring at differing intervals. Separately published financial statements are available on request at the Township office.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) contributions and grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

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

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental Fund revenues accrued on this basis include amusement and parking tax, deed transfer tax, joint program cost reimbursements (fuel, vehicle repairs, school resource officer and tax office operating costs), plan checking reimbursements, rentals, and fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Unearned and deferred revenues have been recorded for certain receivables that are measurable but not available to finance current liabilities. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund are recycling charges. Operating expenses for the Township's enterprise fund include wages and benefits costs, supplies, contracted services and other costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures or expenses, as appropriate.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for funds provided by the Township including interfund transfers and grants received for the purpose of acquisition, construction or improvement of capital facilities or infrastructure. The fund also accounts for the resources accumulated and payments made for principal and interest on the long-term general obligation debt of the governmental funds.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The Township also has the following non-major governmental funds:

The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These funds include the Liquid Fuels Fund and the Street Light Fund.

The Township has one business-type activity:

The *Recycling Fund* is used to account for the cost and disposal of recyclable waste of the Township's residents.

Additionally, the Township reports the following fund types:

The *Pension Trust Fund*, accounts for assets held by the Township in a trustee capacity for the future payment of retirement benefits to employees. The Township has one Pension Trust Fund, the *Police Pension Fund*.

**D. Adoption of Governmental Accounting Standards Boards (GASB) Pronouncements**

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Statement's Objective is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The adoption of this statement did not result in modification of previously reported amounts.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Statement's objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The adoption of this statement did not result in modification of previously reported amounts.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The adoption of this statement did not result in modification of previously reported amounts.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Statement's objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of this statement did not result in modification of previously reported amounts.

**E. Pending Governmental Accounting Standards Board (GASB) Pronouncements**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Township will be required to adopt Statement No. 100 for calendar year 2024 financial statements.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Pending Governmental Accounting Standards Board (GASB) Pronouncements (continued)**

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

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

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Township will be required to adopt Statement No. 103 for calendar year 2026 financial statements.

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

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

**F. Interfund Activity in the Government-wide Statements**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's governmental funds and its component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**G. Revenue Classification on Government-wide Statement of Activities**

Amounts reported as *program revenues* include 1) charges to customers for services provided and rents, 2) operating grants, and 3) capital grants. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**H. Budget Information**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

Section 1.01 – Formal budgetary integration is employed as a management control device during the year for the General, Capital Projects, Liquid Fuels, Recycling and Street Light Funds.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Budget Information (continued)

Section 1.02 – The Board approves, by ordinance, the budget appropriation. All budget transfers and revisions that alter the total appropriations of the fund must be approved by the Board.

Section 1.03 – Unused appropriations for all of the above annually budgeted funds lapse at the end of the year except for the unexpended balance of such appropriations where contracts are in course of construction at the end of the year.

Section 1.04 – The budget amounts shown in the financial statements are the final authorized amounts as approved by the Board of Supervisors.

I. Cash and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, funds held with the Pennsylvania Local Government Investment Trust (PLGIT), and short-term investments with original maturities of three months or less from the date of acquisition.

Cash deposits and cash equivalents are reported at carrying amounts which reasonably estimate fair value.

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

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), bond and mutual funds, and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. Money market investments that have a remaining maturity at the time of purchase of one year or less are measured at amortized cost.

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

Fair Value

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

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

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



**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Cash and Investments (continued)

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

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

J. Deferred Outflows of Resources

Deferred Outflows of Resources are a consumption of assets by the Township applicable to a future reporting period and have a positive effect on net position, similar to assets. This section of the financial statements includes items related to long-term debt which are amortized on the straight-line method (which approximates the interest method) over the terms of the bond issues and notes to which they relate. The amount of \$83,100 on the Township's Statement of Net Position relates to losses on refundings. The amount of \$1,818,712 relates to the SWAP termination fee. The amount of \$1,974,393 relates to other post employment benefits activity for future periods. The amount of \$3,603,542 relates to pension activity for future periods.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

L. Short-term Interfund Receivables/Payables

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

M. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

N. Capital Assets

Capital assets which include equipment, buildings, vehicles and land and building improvements are recorded at cost. In accordance with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis—for State and Local Governments*, infrastructure has been prospectively capitalized, beginning January 1, 2003. In 2007, the Township valued and reported all infrastructure from January 1, 2003, and prior based upon an estimated historical cost.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Capital Assets (continued)

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

Buildings and Improvements	20-40 years
Furniture and Equipment	5-20 years
Land Improvements	15-20 years
Infrastructure	10-50 years

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

According to GASB 87, a lease contract in which ownership is transferred at the end of the lease is reported as a finance purchase (formerly capital lease). These leases transfer the benefits and risk of ownership to the lessee and are accounted for in the governmental activities as capital assets.

O. Leases

The Township of Derry has commitments under various operating leases, primarily for equipment. The lease agreements qualify as other than short-term leases under GASB 87 and therefore have been recorded at the present value of the future minimum lease payments as of the date of inception. Lease right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments at or before the lease commencement date, plus any initial direct costs, less any lease incentives received. Lease right of use assets represent the Township's right to use an underlying asset for the lease term and are presented net of accumulated amortization on the balance sheet. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The discount rate used to determine the present value of the future lease payments is the Township's incremental borrowing rate available at the lease commencement date, as the rate implicit in most leases is not readily determinable.

P. Allowance for Doubtful Accounts

Receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This allowance amount is estimated by analyzing the percentage of receivables that have been collected as compared to the age and the amounts which remain outstanding.

Q. Unearned Revenues

Unearned revenues reported in government-wide financial statements represent revenues received in advance of providing services. The unearned revenues will be recognized as revenue in the fiscal year they are earned, in accordance with the accrual basis of accounting.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

R. Deferred Inflows of Resources

Deferred inflows of resources include acquisitions of assets by the Township that are applicable to a future reporting period. They have a negative effect on net position, similar to liabilities. In the government-wide statements, this section includes other post employment benefits activity related to future periods of \$4,201,944 and pension activity related to future periods of \$836,199.

In the governmental fund financial statements, this section includes deferred tax revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. The Township deems revenues received within 180 days of year end to be available with the exception of taxes, which must be received within 60 days of year end to be deemed available.

S. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond and note premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond and note issuance costs are reported as expenses when they are incurred.

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs, 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.

T. Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

**Net investment in capital assets** – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

**Restricted** – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Township's policy is to apply restricted net position first.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Fund Balance Classifications**

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can consist of the following:

***Nonspendable Fund Balance*** – includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (e.g. inventories, prepaid amounts and long-term notes receivable).

***Restricted Fund Balance*** – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

***Committed Fund Balance*** – includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Supervisors (the Township’s highest level of decision-making authority). Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (e.g. resolution and ordinance).

***Assigned Fund Balance*** – includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. The Board of Supervisors and the Township Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, which are not classified as nonspendable and are not restricted or committed.

***Unassigned Fund Balance*** – this residual classification is used for the General Fund and includes all spendable amounts not contained in the other classifications.

When multiple classifications of fund balance are available for expenditure, it is the Township’s policy to first spend from the most restricted classification and then to exhaust those funds to the extent legally or contractually permitted before moving down to the next classification with available funds.

**V. 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. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage in 2023. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

V. Risk Management (continued)

The Township provides medical (including prescription) insurance through the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). PMHIC is the administrator of the plan, and Benecon Benefit Administrators and Consultants acts as a broker for the plan. Under the plan coverage, the Township's liability for claims is limited to \$75,000 per participant. The coverage includes a stop loss insurance agreement which limits the Township's total liability for medical claims for the year ending December 31, 2023, to \$2,578,698. Dental and vision insurance is provided through a group self-insurance program plan. The Loomis Company (Loomis) acts as the third-party administrator of the plan. Insurance premiums are paid from the General Fund. The actual claims paid during 2023 for medical, dental, and prescription expenses were \$2,163,262. Total administrative costs and claims for the fiscal year ended December 31, 2023, were \$2,681,047 including retiree costs of \$356,562.

W. Component Unit - Summary of Significant Accounting Policies – Derry Township Municipal Authority Nature of Operations

The Derry Township Municipal Authority (the "Authority") was incorporated April 20, 1971, under the Municipality Authorities Act of 1945 as amended, to acquire, hold, construct, improve, maintain, operate, own and lease, either in the capacity of lessor or lessee, sewers, sewer systems, interceptor lines, sewage treatment works and works for the treatment and disposal of industrial waste. The Authority is considered a component unit of the Township of Derry.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No.34*" established the criteria used by the Authority to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the Authority has no component units that are required to be included in the Authority's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Authority applies Governmental Accounting Standards Board (GASB) pronouncements.

The Authority operations are reported as a proprietary fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

W. Component Unit - Summary of Significant Accounting Policies – Derry Township Municipal Authority (continued)

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) is segregated into “net investment in capital assets”, “restricted”, and “unrestricted” components.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds’ principal ongoing operations. The principal operating revenues and expenses of the Authority are sewer service charges, hauled waste process, stormwater fees, administrative, payroll taxes and employee benefits expense, plant operations expense and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including investments in external investment pools and money market mutual funds, with a maturity of three months or less when purchased to be cash equivalents.

Receivables

All receivables are shown net of an allowance for uncollectibles, as applicable, trade receivables are evaluated for collectability and an allowance is established, as deemed necessary based on the best information available and in an amount that management believes is adequate. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Investments and External Investment Pools

The Authority invests its idle funds in various instruments, including external investment pools which invest in government secured instruments and certificates of deposit with federally insured financial institutions. This investment is valued at fair value. The Authority’s investment in external investment pools and government secured money market instruments are valued at fair value, or amortized cost, which approximates cost and is classified as cash and cash equivalents in the balance sheet.

Capital Assets and Depreciation

The Authority uses a capitalization threshold of \$5,000 to record capital assets purchased and constructed. The expenses are recorded at cost including any liability for contract retainage and construction costs payable. In addition, the Authority included any stormwater rights associated with a project as part of the cost of that project and depreciated them accordingly. Intangible assets with an indefinite life are not subject to amortization. The construction accounts have also been charged with applicable administrative expenses.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

W. Component Unit - Summary of Significant Accounting Policies – Derry Township Municipal Authority (continued)

Contributed assets are carried at estimated acquisition value at the time of contribution. Depreciation is determined using the straight-line method based upon the following estimated useful lives:

	<u>Years</u>
Collection Lines	10 - 80
Sewage treatment plant	10 - 80
Plant Equipment	5 - 20
Vehicles	5 - 20
Office equipment	3 - 10
Miscellaneous equipment	3 - 20
Stormwater system	3 - 80

Normal maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized and depreciated based upon the expected life of such improvements.

Non-exchange transactions, such as donated system assets, and assets acquired by contributions, are recognized as capital contributions in accordance with GASB Statement No. 33.

Leases

The Authority is a lessee for noncancellable leases of sewer systems. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$250,000 or more.

At the commencement of a lease, the Authority 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 initially 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 Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as a discount rate for leases.
- The lease term includes the noncancellable 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 Authority is reasonably certain to exercise.

The Authority 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.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

W. Component Unit - Summary of Significant Accounting Policies – Derry Township Municipal Authority (continued)

Compensated Absences

The Authority records its obligation to compensate employees for paid time off (PTO) as the liability is incurred. Employees are permitted to accumulate a maximum of 320 hours of PTO, which can carry forward each year. Upon termination of, an employee will be paid for all accrued PTO at their current base rate. The following table summarizes unused compensated absences liability:

	<u>2023</u>
Balance at Beginning of Year	\$ 216,180
Additions	206,610
Retirements	<u>(216,180)</u>
Balance at End of Year	<u>\$ 206,610</u>

Unused PTO are generally utilized within 12 months and are reported in current liabilities.

Deferred Outflows of Resources

The statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category: deferred outflows related to OPEB and refunding losses on bonds.

Deferred Inflows of Resources

The statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category: deferred inflows related to OPEB and Leases. Lease-related amounts are recognized at the inception of the lease. The deferred inflow of resources is recorded in amount 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Use of Estimates

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



**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**2. CASH AND INVESTMENTS**

Investing is performed in accordance with investment policies complying with state statutes and the Township Charter. Township funds may be invested in; (1) United States treasury bills; (2) obligations of United States government and federal agencies; (3) insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions; (4) general obligations bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision; (5) shares of mutual funds whose investments are restricted to the above categories; (6) repurchase agreements collateralized by United States treasury bills or federal agency securities; (7) commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations; (8) bankers' acceptances that do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations and (9) negotiable certificates of deposit with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association or a state-licensed branch of a foreign bank.

**Deposits**

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Township's deposits may not be returned to them. The Township does not have a policy for custodial credit risk on deposits.

For public unit accounts, the federal deposit insurance coverage depends upon the type of deposit and the location of the insured depository institution. Under these provisions, \$6,119,716 of the Township's bank balance of \$25,570,474 was exposed to custodial credit risk but was collateralized by the pledging bank's trust department as permitted by Act 72. Of the bank balance, \$250,000 was covered by federal depository insurance (FDIC), and \$250,000 was covered by federal credit union insurance (NCAU).

As of December 31, 2023, proceeds of \$62,146 from Dauphin County Infrastructure Bank Loans were held in an account at Wilmington Trust a wholly owned subsidiary of M&T bank by the Dauphin County Industrial Development Authority. The account is covered by Act 72 and are monitored by the Commonwealth of Pennsylvania.

In addition, \$18,950,758 was invested in an external investment pool with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT separately issues audited financial statements which are available to the public at <https://www.plgit.com>. The fair value of the Township's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth is the formal external regulatory oversight for the pool. At December 31, 2023, PLGIT carried a rating of AAAM and had an average maturity of less than one year.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**2. CASH AND INVESTMENTS (CONTINUED)**

**Deposits (continued)**

The reconciliation of deposits to the financial statements at December 31, 2023, is as follows:

Uninsured but collateralized in accordance with Act 72	\$ 6,119,716
Plus: Amount insured by FDIC and NCAU	<u>500,000</u>
	6,619,716
Plus: Deposits in pooled investments considered cash equivalents	18,950,758
Less: Outstanding checks	<u>(389,447)</u>
Total deposits	25,181,027
Plus: Cash on hand	<u>2,271</u>
Total cash per financial statements	<u><u>\$ 25,183,298</u></u>
Cash and cash equivalents	\$ 20,697,912
Restricted cash and cash equivalents	<u>4,485,386</u>
Total cash per financial statements	<u><u>\$ 25,183,298</u></u>

**Investments**

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. The Township has no investments classified in Level 3.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. The Township has no investments classified in Level 3.

The Township's fair value hierarchy of investments \$24,284,950 by type as of December 31, 2023, was as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices</u>	<u>Significant</u>
		<u>in Active</u>	<u>Other</u>
		<u>Markets for</u>	<u>Observable</u>
		<u>Identical Assets</u>	<u>Inputs (Level 2)</u>
	<u>(Level 1)</u>		
Commingled Equity Mutual Funds	\$ 18,245,196	\$ 18,245,196	\$ -
Commingled Fixed Income Mutual Funds	<u>6,039,754</u>	<u>6,039,754</u>	<u>-</u>
Total Investments Measured at the NAV	<u><u>\$ 24,284,950</u></u>	<u><u>\$ 24,284,950</u></u>	<u><u>\$ -</u></u>

The Bryn Mawr Trust Company is a wholly owned subsidiary of Bryn Mawr Bank Corporation. Effective January 1, 2022, Wilmington Savings Fund Society (WSFS) Financial Corporation completed the acquisition of the Bryn Mawr Bank Corporation. WSFS Financial Corporation, which is publicly held and traded on NASDAQ Global Market. The investment products and services offered through the Bryn Mawr Trust Company are not deposits or other obligations of, or guaranteed by, any bank or any bank affiliate. Additionally, the investments and services are not insured by the Federal Deposit Insurance Corporation or any other agency of the United States.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**3. RECEIVABLES**

Governmental Activities

Receivables as of December 31, 2023, for the Township's governmental activities, individual major governmental funds, non-major funds in the aggregate, and applicable allowances for uncollectible accounts are as follows:

	General	Non-Major Funds	Total
<b>Receivables</b>			
Taxes, gross	\$ 7,489,724	\$ 3,773	\$ 7,493,497
Allowance for uncollectibles	<u>(2,691,316)</u>	<u>-</u>	<u>(2,691,316)</u>
Taxes, net	\$ 4,798,408	\$ 3,773	\$ 4,802,181
Accounts	348,636	-	348,636
Due from other governments	12	-	12
Due from Derry Township Municipal Authority	<u>23,570,000</u>	<u>-</u>	<u>23,570,000</u>
<b>Total Receivables</b>	<b><u>\$28,717,056</u></b>	<b><u>\$ 3,773</u></b>	<b><u>\$28,720,829</u></b>

Business-Type Activities

Receivables as of December 31, 2023, for the Township's business-type activity and allowance for uncollectible accounts are as follows:

<b>Receivables</b>	Recycling Fund
Due from other governments	\$ 128,785
Accounts	<u>21,172</u>
<b>Total Receivables</b>	<b><u>\$ 149,957</u></b>

**4. PROPERTY TAXES**

The Township's property tax is levied each February 1<sup>st</sup> on the assessed value (\$2,119,142,320 for 2023), listed as of January 1<sup>st</sup> on all taxable real property located in the Township. The property tax rate for the year ended December 31, 2023, was 2.5381 mills for general purposes and capital improvements. Current tax collections for the year ended were approximately 98% of the tax levied.

Dauphin County is responsible for the collection of delinquent real property taxes and property tax assessment. Delinquent 2023 real property taxes were turned over to Dauphin County on January 12, 2024.

The full year property tax calendar is as follows:

Assessment date	January 1, 2023
Property tax bills rendered, lien date	February 1, 2023
Bills paid during February and March are granted a 2% discount	February 1, 2023 to March 31, 2023

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**4. PROPERTY TAXES (CONTINUED)**

Gross amount of levy is due	April 1, 2023 to May 31, 2023
Taxes delinquent and penalty of 5% of the face amount is charged	June 1, 2023 to July 31, 2023
Taxes delinquent and penalty of 10% of the face amount is charged	August 1, 2023 to January 13, 2024
Delinquent real property taxes are due to be turned over to Dauphin County	February 1, 2024

**5. UNEARNED REVENUE**

Governmental funds record unearned revenue for items received in advance of an exchange transaction and grant proceeds received prior to meeting eligibility requirements. At December 31, 2023, the various components of unearned revenue are as follows:

	<u>Total</u>
Capital grants	\$ 190,788
Unearned rent	1,220
Police grants	8,551
Health Insurance reimbursement	<u>205,968</u>
Total	<u>\$ 406,527</u>

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**6. CAPITAL ASSETS**

Governmental Activities

A summary of general capital assets during 2023 for governmental activities is as follows:

	<u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u>
General Government Assets				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,635,502	\$ -	\$ -	\$ 3,635,502
Held for Resale	<u>42,111</u>	<u>65,919</u>	<u>42,111</u>	<u>65,919</u>
Total Capital Assets Not Being Depreciated	<u>3,677,613</u>	<u>65,919</u>	<u>42,111</u>	<u>3,701,421</u>
Capital Assets, Being Depreciated:				
Land Improvements	11,018,324	-	-	11,018,324
Building and building Improvements	48,282,062	129,500	-	48,411,562
Equipment	16,926,397	1,327,008	94,093	18,159,312
Right of Use	803,933	-	-	803,933
Infrastructure	<u>69,711,177</u>	<u>676,340</u>	<u>-</u>	<u>70,387,517</u>
Total Capital Assets, Being Depreciated	<u>146,741,893</u>	<u>2,132,848</u>	<u>94,093</u>	<u>148,780,648</u>
Less: Accumulated Depreciation				
Land improvements	5,208,851	613,304	-	5,822,155
Building and building Improvements	10,965,076	1,566,268	-	12,531,344
Held for Resale	42,111	65,919	42,111	65,919
Equipment	12,209,219	1,035,265	94,093	13,150,391
Right of Use	307,038	95,851	-	402,889
Infrastructure	<u>26,841,837</u>	<u>1,167,198</u>	<u>-</u>	<u>28,009,035</u>
Total Accumulated Depreciation	<u>55,574,132</u>	<u>4,543,805</u>	<u>136,204</u>	<u>59,981,733</u>
Total Capital Assets, Net	<u>\$ 94,845,374</u>	<u>(\$ 2,345,038)</u>	<u>\$ -</u>	<u>\$ 92,500,336</u>

Depreciation expense for general fixed assets and infrastructure was allocated to the various functions as follows:

General Government	\$ 412,459
Public Safety	666,150
Community Development	2,819
Public Works	1,474,415
Parks and Recreation	1,780,714
Library	<u>111,397</u>
Total	<u>\$ 4,447,954</u>

Amortization expense for right to use lease assets was allocated to the various functions as follows:

General Government	\$ 637
Public Safety	39,389
Parks and Recreation	<u>55,825</u>
Total	<u>\$ 95,851</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**6. CAPITAL ASSETS (CONTINUED)**

Business-Type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2023:

	<u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u>
Capital assets, being depreciated:				
Buildings	\$ 366,980	\$ -	\$ -	\$ 366,980
Equipment	<u>293,264</u>	<u>-</u>	<u>-</u>	<u>293,264</u>
Total capital assets, being depreciated	<u>660,244</u>	<u>-</u>	<u>-</u>	<u>660,244</u>
Less accumulated depreciation for:				
Buildings	259,761	9,125	-	268,886
Equipment	<u>195,173</u>	<u>27,814</u>	<u>-</u>	<u>222,987</u>
Total accumulated depreciation	<u>454,934</u>	<u>36,939</u>	<u>-</u>	<u>491,873</u>
Total capital assets, being depreciated, net	<u>\$ 205,310</u>	<u>\$ (36,939)</u>	<u>\$ -</u>	<u>\$ 168,371</u>

**7. FUND EQUITY**

1. Government-wide statements

Net assets of the governmental activities reported on the government-wide statement of net position at December 31, 2023, include the following:

Net Investment in Capital Assets	
Land	\$ 3,635,502
Land Improvements	5,196,169
Building and Building Improvements	35,880,218
Equipment	5,008,920
Right of Use	401,044
Infrastructure	<u>42,378,482</u>
Total capital assets	92,500,335
Less: Related long-term debt	<u>(48,823,157)</u>
Total Net Investment in Capital Assets	<u>43,677,178</u>
Restricted	
Donor, grant and bond restrictions	3,698,367
Street improvements and equipment	<u>1,181,966</u>
Total Restricted	4,880,333
Unrestricted	<u>1,735,119</u>
Total Governmental Activities Net Position	<u>\$ 50,292,630</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**7. FUND EQUITY (CONTINUED)**

2. Fund Statements

In the fund financial statements, portions of governmental fund balances are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. Restricted fund balances at December 31, 2023, are detailed below:

Capital Projects Fund		
Restricted for Bicycle Trail	\$ 110,054	
Restricted for Rt. 743 & Other Traffic	242,483	
Restricted for DCIB Note	62,646	
Restricted for Land Acquisition	176,572	
Restricted for Developer Traffic	533,598	
Restricted for Open Space Fees	462,783	
Restricted for Community Center	<u>2,110,231</u>	
Total Capital Projects		3,698,367
Liquid Fuels Fund		
Restricted for Street Improvements & Equipment		<u>1,181,966</u>
Total Restricted Fund Balance		<u><u>\$ 4,880,333</u></u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023	Due in One Year
Compensated absences	\$ 703,378	\$ 734,841	\$ 606,450	\$ 831,769	\$ -
Lease Liabilities	642,243	-	94,252	547,991	98,386
Financed Purchase – Fire Truck	983,405	-	122,707	860,698	128,204
Financed Purchase – 2 - 2019 Police Interceptors	18,720	-	18,720	-	-
Financed Purchase – Chevy Tahoe	13,329	-	13,329	-	-
Financed Purchase - 3 Police Interceptors	42,110	-	42,110	-	-
Financed Purchase - 2021 International SFA	97,943	-	31,503	66,440	32,634
Financed Purchase - 2 - 2020 Ford F-550 w/equip	46,354	-	46,354	-	-
Financed Purchase - 2 - 2021 Police Interceptors	54,798	-	27,114	27,684	27,684
Financed Purchase - Tasers	59,909	-	13,989	45,920	14,628
Financed Purchase - 2 - Exmark Lazer	16,852	-	5,230	11,622	5,608
Financed Purchase - 2 - 2021 Chevrolet Tahoe	72,630	-	35,814	36,816	36,816
Financed Purchase - Galaxy Street Sweeper	177,600	-	33,122	144,478	34,280
Financed Purchase - John Deere Tractor w/ Loader	39,207	-	9,224	29,983	9,599
Financed Purchase - Skid Loader	84,754	-	19,797	64,957	20,697
Financed Purchase - Police Interceptor	32,026	-	10,134	21,892	10,666
Financed Purchase - 2022 Ford F-150	36,528	-	11,599	24,929	12,167
Financed Purchase - Chevy Tahoe	-	57,158	15,331	41,827	13,282
Financed Purchase - Exmark Lazer	-	39,549	9,190	30,359	9,640
Financed Purchase - 3 - 2023 Police Interceptors	-	189,476	50,841	138,635	44,020
Financed Purchase - Tasers	-	14,899	828	14,071	4,659
Dauphin County Infrastructure Bank Loan	26,354	-	26,354	-	-
Dauphin County Infrastructure Bank Loan 2017	2,283,163	-	136,308	2,146,855	136,309
General Obligation Bonds, Series 2012	350,000	-	240,000	110,000	110,000
General Obligation Bonds, Series 2016	1,025,000	-	495,000	530,000	530,000
General Obligation Bonds, Series 2018	4,990,000	-	5,000	4,985,000	5,000
General Obligation Bonds, Series 2019	5,125,000	-	5,000	5,120,000	100,000
General Obligation Bonds, Series 2019A	4,115,000	-	15,000	4,100,000	15,000
General Obligation Bonds, Series 2019B	1,370,000	-	5,000	1,365,000	5,000
General Obligation Bonds, Series 2019C	14,390,000	-	155,000	14,235,000	35,000
ICDA Bonds, Series 2020	6,615,000	-	210,000	6,405,000	420,000
General Obligation Bonds, Series 2020	6,580,000	-	960,000	5,620,000	720,000
General Obligation Bonds, Series 2020A	8,870,000	-	5,000	8,865,000	5,000
General Obligation Bonds, Series 2021A	13,455,000	-	310,000	13,145,000	400,000
General Obligation Bonds, Series 2021B	2,050,000	-	95,000	1,955,000	95,000
General Obligation Bonds, Series 2022	955,410	747,590	-	1,703,000	150,000
<b>Total</b>	<b>\$ 75,321,713</b>	<b>\$ 1,783,513</b>	<b>\$ 3,880,300</b>	<b>\$ 73,224,926</b>	<b>\$ 3,229,279</b>
Other postemployment benefit liability				11,840,544	
Net pension liability				2,625,930	
Add: unamortized bond premium				3,216,220	
<b>Total long-term liabilities</b>				<b>\$ 90,907,620</b>	



**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**Compensated Absences**

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from Township employment. Effective January 1, 2005, the Township entered into a new agreement with the police force and management regarding the payment of unused sick time at retirement. The payment is calculated as a percentage of unused sick time based on the retiree's past usage of sick time. The Township is not obligated to pay for unused personal days or non-police/non-management sick leave upon termination. At December 31, 2023, the long-term accrued vacation and sick pay was \$831,769.

**Long-term Lease Liabilities**

The Township has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception. Lease agreements with a term less than twelve months have been excluded in the liability.

The following list provides detail about the Township leases:

- June 2005 – Lease agreement for 11.7 acres of land together with all buildings, structures and other improvements was executed. The sublease agreement is by and between the Township of Derry Commercial and Industrial Development Authority and Township of Derry. The master ground lease is made by and between the Derry Township Municipal Authority and Township of Derry Industrial and Commercial Development Authority dated June 14, 2005. The ground lease agreement requires 480 monthly payments. The variable monthly payments of the lease are as follows:
  - Inception of the lease through the end of month 36 payments are \$833 per month
  - Inception of month 37 through the end of month 60 payments are \$1,000 per month
  - Inception of month 61 through the end of month 480 payments are \$2,000 per month

The lease liability is measured at a discount rate of 4.3%. As a result of the lease, the right of use asset has a net book value of \$199,451 at December 31, 2023.

- March 2020 – Postage equipment was leased and the agreement requires 60 monthly payments of \$59. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.3%. As a result of the lease, the right of use asset has a net book value of \$744 at December 31, 2023.
- June 2020 – Copier equipment was leased and the agreement requires 60 monthly payments of \$2,524. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.3%. As a result of the lease, the right of use asset has a net book value of \$38,687 at December 31, 2023.
- October 2021 – Fitness equipment was leased and the agreement requires 60 monthly payments of \$5,160. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.3%. As a result of the lease, the right of use asset has a net book value of \$153,522 at December 31, 2023.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**Long-term Lease Liabilities (continued)**

- February 2022 – Public Safety equipment was leased and the agreement requires 60 monthly payments of \$259. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.3%. As a result of the lease, the right of use asset has a net book value of \$8,640 at December 31, 2023.

**Finance Purchase Agreements**

The Township has entered into finance purchase agreements for vehicles and equipment. Finance purchase agreements transfer the benefit and risks of ownership to the lessee and are accounted for in the governmental activities' capital assets. The related liabilities are recorded in the governmental activities' current and long-term obligations. Amortization expense is included in depreciation expense. As of December 31, 2023, assets held through capital lease agreements totaled \$5,647,057 and accumulated depreciation for those assets totaled \$3,585,646.

The following list provides detail about the Township's finance purchase agreements:

- December 2018 lease – Present value cost of \$1,306,417  
The lease is for a Fire Engine and is to be paid in ten consecutive annual payments of \$166,763 including implied interest.
- June 2019 lease – Present value cost of \$90,397  
The lease is for two 2019 Police Interceptors and is to be paid in five consecutive annual payments of \$19,397 including implied interest. The final payment was made in 2023.
- June 2020 lease – Present value cost of \$52,751  
The lease is for a 2020 Chevy Tahoe and is to be paid in four consecutive annual payments of \$13,621 including implied interest. The final payment was made in 2023.
- August 2020 lease – Present value cost of \$166,745  
The lease is for three Police Interceptors and is to be paid in four consecutive annual payments of \$42,995 including implied interest. The final payment was made in 2023.
- August 2020 lease – Present value cost of \$157,711  
The lease is for a 2020 International Dump and is to be paid in five consecutive annual payments of \$35,019 including interest.
- October 2020 lease – Present value cost of \$181,055  
The lease is for two Ford F-550 trucks with equipment to be paid in five consecutive annual payments of \$48,797 including interest. The final payment was made in 2023.
- June 2021 lease – Present value cost of \$109,618  
The lease is for two Police Interceptors and is to be paid in four consecutive annual payments of \$28,265 including implied interest.
- December 2021 lease – Present value cost of \$67,343  
The lease is for Tasers and is to be paid in five consecutive annual payments of \$16,727 including interest.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**Finance Purchase Agreements (continued)**

- February 2022 lease – Present value cost of \$23,300  
The lease is for two Exmark Lazars to be paid in five consecutive annual payments of \$6,448 including interest.
- April 2022 lease – Present value cost of \$110,478  
The lease is for two 2021 Chevrolet Tahoe's and is to be paid in three consecutive annual payments of \$37,848 including interest.
- April 2022 lease – Present value cost of \$216,930  
The lease is for a Galaxy Street Sweeper and is to be paid in five consecutive annual payments of \$39,330 including interest.
- May 2022 lease – Present value cost of \$50,024  
The lease is for a John Deere Tractor with Loader and is to be paid in four consecutive annual payments of \$10,817 including interest.
- May 2022 lease – Present value cost of \$108,404  
The lease is for a Skid Loader and is to be paid in five consecutive annual payments of \$23,650 including interest.
- November 2022 lease – Present value cost of \$43,841  
The lease is for a 2022 Police Interceptor and is to be paid in four consecutive annual payments of \$11,815 including interest.
- December 2022 lease – Present value cost of \$49,917  
The lease is for a 2022 Ford F150 and is to be paid in four consecutive annual payments of \$13,389 including interest.
- January 2023 lease – Present value cost of \$57,332  
The lease is for a 2022 Chevrolet Tahoe and is to be paid in four consecutive annual payments of \$15,378 including interest.
- January 2023 lease – Present value cost of \$39,548  
The lease is for an Exmark Lazer and is to be paid in four consecutive annual payments of \$11,127 including interest.
- May 2023 lease – Present value cost of \$189,476  
The lease is for three 2023 Police Interceptors and is to be paid in four consecutive annual payments of \$50,841 including interest.
- November 2023 lease – Present value cost of \$14,899.  
The lease is for Tasers and is to be paid over 38 months in four consecutive annual payments ranging from \$828 to \$5,164 including interest.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**Dauphin County Infrastructure Bank Loan**

In May 2014, the Township entered into an agreement with Dauphin County for an Infrastructure Bank loan award of \$256,960. Proceeds of the loan are to be used to fund the installation of a traffic signal at the intersection of Fishburn and Homestead Roads. The term of the loan is 10 years and interest is to be paid at an annual rate of .50 %. Annual payments are due until January 2023 and are currently being made from the Township's liquid fuels fund. This loan was paid off in 2023.

**General Obligation Bonds and Notes**

ICDA Bonds, Series of 2007 / School District Bonds, Series of 2012/  
Joint Management and Use Agreement

In 2002, the Township joined with the Derry Township School District to renovate the Granada Avenue Gymnasium through financing by the Township of Derry ICDA. On March 1, 2007, the Authority issued the Guaranteed School Revenue Bonds Series of 2007 to refund the Series of 2002 and pay the costs of issuing the bonds.

On March 15, 2012, the Derry Township School District issued the General Obligation Bonds, Series of 2012 in the amount of \$3,110,000 to currently refund the outstanding bonds from 2007, thus registering the debt in the name of the School District and terminating the involvement of the Authority. The 2012 bonds are payable from tax and other general revenues of the School District.

A joint management and use agreement between the School District and the Township obligated the Township to pay a portion of the related bond issue based on the Township's utilization of the facility. The Township and School were also jointly responsible for any sums, expenses, or costs incurred with regard to the operation and maintenance of the gymnasium.

On July 26, 2021, the Township and School District signed a termination agreement which ends the Joint Management and Use Agreement and negates Township's obligation to pay any portion of the outstanding bonds, or any costs associated with the operation and maintenance of the gymnasium.

\$10,000,000 ICDA Bonds, Series of 2005/\$10,525,000 ICDA Bonds, Series of 2010/\$9,995,000 ICDA  
Bonds, Series of 2015/\$6,835,000 ICDA Bonds, Series of 2020

In 2005, the Township entered into the Derry Township Municipal Center Project through financing by the Township of Derry ICDA via the Guaranteed Township Revenue Bonds, Series of 2005. The proceeds were used to finance the construction of a new municipal complex on Clearwater Road in Hershey, Pennsylvania. The complex provides space for the Township of Derry's administration and police departments, as well as the Derry Township Earned Income Tax office.

On August 19, 2010, the Township of Derry ICDA authorized the issuance of the Guaranteed Township Revenue Bonds, Series of 2010 in the amount of \$10,525,000 for a current refunding of the Series of 2005 Bonds.

In May 2015, the Township of Derry ICDA authorized the issuance of the Guaranteed Township Revenue Bonds, Series of 2015 in the amount of \$9,995,000 for the current refunding of the Series of 2010 Bonds.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

In October 2020, the Township of Derry ICDA authorized the issuance of the Guaranteed Township Revenue Bonds, Series of 2020 in the amount of \$6,835,000 for the current refunding of the Series of 2015 Bonds. The 2020 Bonds began to mature on November 15, 2021, and will continue to mature every year thereafter with final maturity on November 15, 2040. Interest is due semi-annually on May 15 and November 15 and the interest rates range from 1.00% to 4.00%.

The 2020 Bonds are payable from and secured by an assignment of rentals payable to the ICDA by the Township under a sublease agreement.

Following is a maturity schedule for the Township's portion of the ICDA Bonds, Series of 2015:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 420,000	\$ 233,000	4.00%	2024
440,000	216,200	1.00	2025
440,000	211,800	4.00	2026
745,000	194,200	4.00	2027
825,000	164,400	4.00	2028
2,085,000	429,100	3.00 – 4.00	2029 – 2033
675,000	238,000	4.00	2034 – 2038
<u>775,000</u>	<u>56,200</u>	4.00	2039 – 2040
<u>\$ 6,405,000</u>	<u>\$ 1,742,900</u>		

\$4,060,000 General Obligation Bonds, Series of 2012

On November 13, 2012, the Township of Derry authorized the issuance of the General Obligation Bonds, Series of 2012 in the amount of \$4,060,000 for a current refunding of the Township's General Obligation Notes, Series of 2008 and to pay the costs of issuing the bonds. Final payment of \$110,000 due on August 15, 2024, plus interest at 2.00% per year.

The following is a maturity schedule for the General Obligation Bonds, Series of 2012:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 110,000	\$ 2,200	2.00%	2024

\$4,415,000 General Obligation Bonds, Series of 2016

On September 29, 2016, the Township of Derry authorized the issuance of the General Obligation Bonds, Series of 2016 in the amount of \$4,415,000 for a current refunding of the Township's General Obligation Bonds, Series A of 2011 and to pay the costs of issuing the bonds. The bonds began to mature on November 15, 2016, and will continue to mature every year thereafter with final maturity on November 15, 2024. Interest is due semi-annually on May 15 and November 15 and the interest rates range from .60% to 4.00%. The present value savings of this issue was approximately \$228,931.

The following is a maturity schedule for the General Obligation Bonds, Series of 2016:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 530,000	\$ 10,600	2.00%	2024

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

\$6,000,000 General Obligation Note, Series A of 2011/ \$5,000,000 General Obligation Bonds, Series of 2014/\$4,335,000 General Obligation Bonds, Series A of 2019

On November 1, 2011 the Township of Derry authorized the issuance of the General Obligation Note, Series A of 2011 in the amount of \$6,000,000 for the restoration, repair, reconstruction and alteration of the Derry Township Municipal Authority’s wastewater facilities, including, the Clearwater Road and Southwest Treatment Plants, the Mansion Road and Highmeadow Pumping Stations, and the payment of the costs of issuance of the Note.

In November 2014, the Township authorized the issuance of the General Obligation Bonds, Series of 2014 in the amount of \$5,000,000 for a current refunding of the General Obligation Note, Series A of 2011 and to provide funds to the Municipal Authority for capital projects.

In August 2019, the Township authorized the issuance of the General Obligation Bonds, Series A of 2019 in the amount of \$4,335,000 for a current refunding of the General Obligation Bond, Series of 2014. The Series A of 2019 Bonds begin to mature on December 15, 2019 and will continue to mature every year thereafter with final maturity on December 15, 2027. Interest is due semi-annually on June 15 and December 15 and the interest rates range from 1.25% to 3.00%. The present value savings of this issue was approximately \$249,185.

Pursuant to a Subsidy Agreement between the Municipal Authority and the Township, the Municipal Authority agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds from the receipts and revenues from the Municipal Authority’s sewer system when they become due. The Township has pledged its full faith, credit and taxing power to the payment of the principal of and interest on the bonds.

The following is a maturity schedule for the General Obligation Bonds, Series A of 2019:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 15,000	\$ 120,020	1.30%	2024
40,000	119,825	1.50	2025
2,295,000	119,225	3.00	2026
<u>1,750,000</u>	<u>50,375</u>	3.00	2027
<u>\$ 4,100,000</u>	<u>\$ 409,445</u>		

\$5,010,000 General Obligation Bonds, Series of 2018

On February 15, 2018, the Township of Derry authorized the issuance of the General Obligation Bonds, Series of 2018. Proceeds of the Bond were used for capital projects for the Derry Township Municipal Authority and to pay the costs of issuing the bonds. Payments are due in annual installments of \$5,000 to \$2,445,000 through December 15, 2030, plus interest at 2.50% to 4.00% per year.

Pursuant to a Subsidy Agreement between the Municipal Authority and the Township, the Municipal Authority agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds from the receipts and revenues from the Municipal Authority’s sewer system when they become due. The Township has pledged its full faith, credit and taxing power to the payment of the principal of and interest on the bonds.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

The following is a maturity schedule for the General Obligation Bonds, Series of 2018:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 5,000	152,725	2.50%	2024
5,000	152,600	2.50	2025
5,000	152,475	2.50	2026
5,000	152,350	2.50	2027
1,695,000	152,225	2.50	2028
<u>3,270,000</u>	<u>139,350</u>	2.50 - 4.00	2029 – 2030
<u>\$ 4,985,000</u>	<u>\$ 901,725</u>		

\$5,140,000 General Obligation Bonds, Series of 2019

On May 22, 2019, the Township of Derry authorized the issuance of the General Obligation Bonds, Series of 2019. Proceeds of the Bond will be used for capital projects consisting of road improvements, landfill improvements, various other projects, currently refund the Line of Credit Note, Series of 2018, reimburse the township for design fees incurred in connection with the Recreation Center and to pay the costs of issuing the bonds. Payments are due in annual installments of \$100,000 to \$177,250 through December 15, 2040, plus interest at 2.00% to 5.00% per year.

The following is a maturity schedule for the General Obligation Bonds, Series of 2019:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 100,000	\$ 177,250	2.000%	2024
205,000	175,250	2.000	2025
205,000	171,150	2.000	2026
220,000	167,050	2.000	2027
210,000	162,650	2.000	2028
1,435,000	646,750	2.000 – 5.000	2029 – 2033
1,925,000	322,150	3.125 – 5.000	2034 – 2038
<u>820,000</u>	<u>40,138</u>	3.125 – 3.250	2039 – 2040
<u>\$ 5,120,000</u>	<u>\$ 1,862,388</u>		

\$1,385,000 General Obligation Bonds, Series B of 2019

On November 14, 2019, the Township of Derry authorized the issuance of the General Obligation Bonds, Series B of 2019. Proceeds of the Bond will be used to currently refund portions of the Townships General Obligation Bonds, Series of 2012, the Township of Derry, Industrial and Commercial Development Authority, Guaranteed Township Revenue Bonds, Series of 2015, General Obligation Bonds, Series of 2016 and to pay the costs of issuing the bonds. Payments are due in annual installments of \$5,000 to \$565,000 through December 15, 2027, plus interest at 1.50% to 2.00% per year.

The following is a maturity schedule for the General Obligation Bonds, Series B of 2019:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 5,000	\$ 27,275	1.50%	2024
550,000	27,200	2.00	2025
565,000	16,200	2.00	2026
<u>245,000</u>	<u>4,900</u>	2.00	2027
<u>\$ 1,365,000</u>	<u>\$ 75,575</u>		

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

\$14,400,000 General Obligation Bonds, Series C of 2019

On December 10, 2019, the Township of Derry authorized the issuance of the General Obligation Bonds, Series C of 2019. Proceeds of the Bond will be used for acquiring, designing, constructing, furnishing and equipping a new community center, capitalizing interest on a portion of the Bonds, and to pay the costs of issuing the bonds. Payments are due in annual installments of \$35,000 to \$1,680,000 through December 15, 2040, plus interest at 1.50% to 4.00% per year.

The following is a maturity schedule for the General Obligation Bonds, Series C of 2019:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 35,000	\$ 561,325	1.50%	2024
35,000	560,800	1.50	2025
40,000	560,275	2.00	2026
40,000	559,475	2.00	2027
315,000	558,675	2.00	2028
4,055,000	2,527,000	2.00 – 4.00	2029 – 2033
6,760,000	1,438,000	4.00	2034 – 2038
<u>2,955,000</u>	<u>169,200</u>	4.00	2039 – 2040
<u>\$14,235,000</u>	<u>\$ 6,934,750</u>		

\$8,915,000 General Obligation Bonds, Series of 2020

On February 25, 2020, the Township of Derry authorized the issuance of the General Obligation Bonds, Series of 2020. Proceeds of the Bond will be used to currently refund the General Obligation Bonds, Series of 2015 and the General Obligation Note, Series of 2016 and to pay the costs of issuing the bonds. Payments are due in annual installments of \$610,000 to \$2,660,000 through December 15, 2028, plus interest at 2.00% to 4.00% per year.

Pursuant to a Subsidy Agreement between the Municipal Authority and the Township, the Municipal Authority agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds from the receipts and revenues from the Municipal Authority's sewer system when they become due. The Township has pledged its full faith, credit and taxing power to the payment of the principal of and interest on the bonds.

The following is a maturity schedule for the General Obligation Bonds, Series of 2020:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 720,000	\$ 146,525	2.00%	2024
2,660,000	117,725	4.00	2025
1,015,000	43,550	4.00	2026
610,000	24,500	2.00	2027
<u>615,000</u>	<u>12,300</u>	2.00	2028
<u>\$ 5,620,000</u>	<u>\$ 344,600</u>		



**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

\$8,880,000 General Obligation Bonds, Series A of 2020

On July 16, 2020, the Township of Derry authorized the issuance of the General Obligation Bonds, Series A of 2020. Proceeds of the Bond were used for capital projects for the Derry Township Municipal Authority and to pay the costs of issuing the bonds. Payments are due in annual installments of \$5,000 to \$1,065,000 through December 15, 2040, plus interest at 1.00% to 4.00% per year.

Under a Subsidy Agreement between the Municipal Authority and the Township, the Municipal Authority agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds from the receipts and revenues from the Municipal Authority's sewer system when they become due. The Township has pledged its full faith, credit and taxing power to payment of bond principal of and interest.

The following is a maturity schedule for the General Obligation Bonds, Series A of 2020:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 5,000	\$ 316,362	1.00%	2024
5,000	316,313	1.00	2025
5,000	316,250	1.25	2026
365,000	316,175	1.50	2027
445,000	310,700	3.00	2028
4,205,000	1,250,450	3.00 – 4.00	2029 – 2033
3,135,000	499,000	4.00	2034 – 2038
700,000	35,800	4.00	2039 – 2040
<u>\$ 8,865,000</u>	<u>\$ 3,361,050</u>		

\$13,660,000 General Obligation Bonds, Series A of 2021

On March 9, 2021, the Township of Derry authorized the issuance of the Guaranteed Obligation Bonds, Series A of 2021 in the amount of \$13,660,000, for (1) acquiring, designing, constructing, furnishing and equipping a new community center, (2) improvements to the Township landfill, (3) replacement of the Township police department building roof, (4) installation of new HVAC systems for the Township public works building, (5) IT Security System upgrades (collectively, the "Capital Project") (6) capitalizing interest on a portion of the 2021 A Bonds, and (7) pay the allocable costs of issuing the 2021 A Bonds. Annual payments of \$400,000 to \$3,365,000 through December 2041 plus interest at 1.00% to 4.00% per year.

The following is a maturity schedule for the General Obligation Bonds, Series A of 2021:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 400,000	\$ 503,400	3.00%	2024
410,000	491,400	4.00	2025
430,000	475,000	1.00	2026
470,000	470,700	4.00	2027
490,000	451,900	4.00	2028
2,745,000	1,960,700	3.00 – 4.00	2029 – 2033
3,310,000	1,385,800	4.00	2034 – 2038
4,890,000	495,800	4.00	2039 – 2041
<u>\$ 13,145,000</u>	<u>\$ 6,234,700</u>		

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**8. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds and Notes (continued)**

\$1,703,000 General Obligation Note, Series of 2022

On November 15, 2022, the Township authorized the issuance a Guaranteed Obligation Note, Series of 2022 in the amount of \$3,000,000, for the purchase of fire trucks, police vehicles, and public works equipment, with an estimated completion date of May 31, 2024. The Township utilized \$747,590 in 2023 and \$955,410 in 2022 for a total of \$1,703,000. The terms of the note require principal and interest payments in May and November. Final maturity is on November 15, 2038. Annual payments of \$150,000 to \$215,000 through November 2033 plus interest at 4.30% per year.

The following is a maturity schedule for the General Obligation Note, Series of 2022:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 150,000	\$ 73,229	4.30%	2024
160,000	66,779	4.30	2025
165,000	58,899	4.30	2026
175,000	52,804	4.30	2027
180,000	45,279	4.30	2028
<u>873,000</u>	<u>102,985</u>	4.30	2029 – 2033
<u>\$ 1,703,000</u>	<u>\$ 399,975</u>		

**Guaranteed Revenue Notes**

\$2,968,111 Guaranteed Revenue Note DCIB, Series of 2017

On December 19, 2017, the Township of Derry authorized the issuance of the Guaranteed Revenue Note DCIB, Series of 2017 in the amount of \$2,968,111 for upcoming construction project and to pay the costs of issuing the note. Payments are due in annual installments of \$136,309 to \$170,385 through October 1, 2037, plus interest at 2.00% to 4.00% per year.

The following is a maturity schedule for the Guaranteed Revenue Note, Series of 2017:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 136,309	\$ 35,108	2.000%	2024
139,716	33,404	3.000	2025
139,716	31,658	3.000	2026
143,124	28,514	4.000	2027
146,531	25,294	4.000	2028
776,956	84,664	3.125 – 4.000	2029 – 2033
<u>664,503</u>	<u>26,576</u>	3.250 – 3.375	2034 – 2039
<u>\$ 2,146,855</u>	<u>\$ 265,218</u>		

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**8. LONG-TERM DEBT (CONTINUED)**

**Revenue Bonds**

\$2,140,000 Revenue Bonds, Series B of 2021

On March 9, 2021, the Township of Derry authorized the issuance of Revenue Bonds, Series B of 2021 in the amount of \$2,140,000 to fund the termination payment of the interest rate hedge related to the 2021 A Bonds and pay the allocable costs of issuing the 2021 B Bonds. Payments are due in annual installments of \$95,000 to \$145,000 through December 15, 2040, plus interest at .834% to 3.642% per year.

The following is a maturity schedule for the Revenue Bonds, Series B of 2021:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 95,000	\$ 57,975	.834%	2024
95,000	57,183	.834	2025
95,000	54,706	.834	2026
100,000	52,229	.834	2027
100,000	49,622	.834	2028
550,000	206,607	.834 – 2.607	2029 – 2033
635,000	118,568	2.607 – 3.107	2034 – 2038
<u>285,000</u>	<u>15,661</u>	3.107 – 3.642	2039 – 2040
<u>\$ 1,955,000</u>	<u>\$ 612,551</u>		

**Summary**

The following summarizes the Township's future annual debt service requirements to maturity for the Township's long-term debt at December 31, 2023. The schedule below includes all finance purchase agreements and the debt service requirements to be paid by the Derry Township Municipal Authority for the General Obligation Bonds, Series of 2018, 2019A, 2020 and 2020A.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,130,894	\$ 2,484,562	\$ 5,615,456
2025	5,099,594	2,386,028	7,485,622
2026	5,703,963	2,246,693	7,950,656
2027	5,052,344	2,095,145	7,147,489
2028	5,174,299	1,947,040	7,121,339
2029 – 2033	20,154,569	7,354,757	27,509,326
2034 – 2038	17,104,503	4,028,093	21,132,596
2039 – 2041	10,425,000	812,798	11,237,798
Total	<u>\$ 71,845,166</u>	<u>\$ 23,355,116</u>	<u>\$ 95,200,282</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**8. LONG-TERM DEBT (CONTINUED)**

The following summarizes the Township's future annual debt service requirements to maturity for the Township's lease liabilities at December 31, 2023.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 98,386	\$ 21,640	120,026
2025	84,242	17,525	101,767
2026	59,244	14,304	73,548
2027	11,322	12,938	24,260
2028	11,549	12,450	23,999
2029 – 2033	65,805	54,195	120,000
2034 – 2038	81,558	38,442	120,000
2039 – 2043	101,082	18,918	120,000
2044 – 2048	34,803	1,197	36,000
Total	<u>\$ 547,991</u>	<u>\$ 191,609</u>	<u>\$ 739,600</u>

**9. INTERFUND BALANCES AND TRANSFERS**

There are no interfund balances at December 31, 2023.

Interfund transfers from the General Fund for the year ended December 31, 2023, consisted of the following:

	<u>General Fund</u>
<b><u>Transfer To</u></b>	
Capital Projects	\$ 4,337,708
Nonmajor Governmental Street Light Fund	121,759
<b><u>Transfer From</u></b>	
Proprietary Funds – Recycling	<u>(79,093)</u>
Total	<u>\$ 4,380,374</u>

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

**10. DEFICIT FUND BALANCE**

As of December 31, 2023, the Street Light Fund had a negative unassigned fund balance of \$29,788. The deficit resulted primarily from revenues being insufficient to cover expenditures. The General Fund is liable for any deficits in the fund and provides transfers when cash is required. At December 31, 2023, the Township assigned a portion of the General Fund balance to cover the deficit.

As of December 31, 2023, the Capital Projects Fund had a negative unassigned fund balance of \$345,411. The deficit resulted primarily from revenues being insufficient to cover expenditures. The General Fund is liable for any deficits in the fund and provides transfers when cash is required. At December 31, 2023, the Township assigned a portion of the General Fund balance to cover the deficit.

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**11. ESCROW PAYABLE**

The Township holds funds in escrow totaling \$787,019. Of this amount, \$784,540 represents funds held as security by the Township until such time as the developer completes construction of a specified project and eighteen months have elapsed with no significant maintenance or structural problems noted. The remaining \$2,479 represents designated funds received for the Chocolate Avenue Sign Beautification Program.

**12. COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The Township receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

**Contingent Liabilities**

During the year ended December 31, 2018, the Township received notice that they would need to make certain repairs to the landfill that they own. The Township is still working on these repairs but as an estimate they have recorded a contingent liability of \$130,776 in the Recycling Fund as of December 31, 2023.

**Guarantee of Indebtedness of Others**

The Township has, as additional security, unconditionally guaranteed payment of the full amount of all principal of and interest on the Derry Township Municipal Authority Sewer Revenue Bonds, Series of 2018, 2019A, 2020 and 2020A when due and for such payment has pledged its full faith, credit and taxing powers. These bonds are scheduled to mature in 2030, 2027, 2028 and 2040, respectively. The outstanding principal balance of these bonds on December 31, 2023, was \$23,570,000.

In October 2014, the Township approved a \$5 million guarantee relating to the debt service for the Hershey Volunteer Fire Company construction project. As of December 31, 2023, the loan balance was \$2,340,000. The guaranty is scheduled to expire when the note matures on December 2034.

In addition, the Township guaranteed payment of the full amount of all principal of and interest on the Derry Township Industrial and Commercial Development Authority Guaranteed Township Revenue Bonds, Series of 2020 when due and for such payment has pledged its full faith, credit and taxing powers. The bond is scheduled to mature in 2040. The total outstanding principal balance of the bonds at December 31, 2023, was \$6,405,000.

**Litigation**

In the normal course of operations, the Township is involved in various civil disputes. It is the opinion of management that the potential claims against the Township not covered by insurance would not materially affect the financial statements.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS**

The Township offers two single employer defined benefit pension plans to its employees: The Derry Township Police Pension Plan (the Police Pension Plan) and the Derry Township Non-uniform Pension Plan (the Non-uniform Pension Plan). Additionally, the Township has continued to maintain a cash balance plan for those members who were no longer employed by the Township at December 31, 1994 (date of conversion from a defined contribution money purchase plan to a defined benefit plan) but who had a deferred benefit and no current payment.

Membership consisted of the following at December 31, 2023:

	Police Pension <u>Plan</u>	Non-uniform Defined Benefit <u>Pension Plan</u>	Non-uniform Cash Balance <u>Pension Plan</u>
Active employees	38	53	0
Retirees and beneficiaries currently receiving benefits	34	37	9
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>	<u>16</u>	<u>1</u>
Total	<u>74</u>	<u>106</u>	<u>10</u>

**Derry Township Police Pension Plan**

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan Description

The Police Pension Plan provides retirement benefits, as well as disability and death benefits, to full-time sworn police employees working at least forty hours per week. All full-time members of the police force join the Plan on their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 and with 25 years of credited service are entitled to a monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment. A member who completes 20 years of service and terminates prior to reaching normal retirement may receive an immediate pension.

The pension is equal to the actuarial equivalent of the benefit accrued at the early retirement date.

The disability pension is available to participants disabled in the line of duty. The disability pension is equal to no less than 50% of the average monthly pay.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Police Pension Plan (Continued)**

The Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of these benefits is 50% of the benefit the member would have been receiving had he been retired at the time of death. Also, the surviving spouse and/or dependents of an active member killed in the line of duty receive a monthly death benefit equal to 100% of the member's monthly salary at the time of death.

The authority under which obligations to contribute to the Police Pension Plan by the plan members, employer and other contributing entities are established or may be amended includes Act 600 and Act 205 of the Commonwealth of Pennsylvania and Township Ordinances.

Funding Policy

As a condition of participation, each member may contribute to the Plan up to 5% of earnings. The Township may, on an annual basis, by resolution, reduce or eliminate payments into the Police Pension Plan by participants. For 2023, members were required to contribute 2% of earnings to the Plan.

The Police Pension Plan is also funded by annual entitlements received from the Commonwealth of Pennsylvania and contributions from the Township. The Township of Derry complied in full with the Commonwealth of Pennsylvania's Minimum Municipal Obligation (MMO) funding and reporting requirements for 2023.

The annual required contribution for the current year was determined through an actuarial calculation as mandated by Act 205 based on an estimated 2023 payroll of \$4,182,313.

Actuarial Assumptions

The total pension liability in the January 1, 2023, actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.50%	(average, including inflation)
Investment Rate of Return	7.50%	(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.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Police Pension Plan (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	60.00%	5.50% - 7.50%
Fixed Income	25.00%	1.00% - 3.00%
Cash	15.00%	0.00% - 1.00%

Discount Rate

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

Changes in the Net Pension Liability

	<u>Increase(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a)-(b)</u>
Balances at 12/31/2022	\$ 28,057,257	\$ 25,790,188	\$ 2,267,069
Service Cost	623,468	-	623,468
Interest Cost	2,207,300	-	2,207,300
Changes of Benefit Terms	-	-	-
Changes of Experience	720,247	-	720,247
Changes of Assumptions	-	-	-
Contributions – Employer	-	583,984	(583,984)
Contributions – Member	-	176,663	(176,663)
Net Investment Income	-	3,177,685	(3,177,685)
Benefit Payments, including refunds of member contributions	(1,353,758)	(1,353,758)	-
Administrative Expense	-	(23,900)	23,900
Other Changes	-	-	-
Net Changes	<u>2,197,257</u>	<u>2,560,674</u>	<u>(363,417)</u>
Balances at 12/31/2023	<u>\$ 30,254,514</u>	<u>\$ 28,350,862</u>	<u>\$ 1,903,652</u>



**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Police Pension Plan (Continued)**

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Police Pension Plan, calculated using the discount rate of 7.50%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.50%)	<u>Increase(Decrease)</u> Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 5,463,263	\$ 1,903,652	\$ (1,062,645)

The Township reported deferred outflows and deferred inflows of resources related to the Police Pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Expected and Actual Experience	\$ 600,205	\$ 644,487
Change of Assumptions	76,974	-
Net Difference between Projected and Actual Investment Earnings on Police Pension Plan Investments	<u>1,661,918</u>	<u>-</u>
Total	<u>\$ 2,339,097</u>	<u>\$ 644,487</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:		
2024	\$	362,337
2025		486,093
2026		859,411
2027		(133,272)
2028		<u>120,041</u>
Total		<u>\$ 1,694,610</u>

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans**

Derry Township Non-uniform Defined Benefit Plan

Plan Description

The Non-uniform Defined Benefit Pension Plan provides retirement benefits, as well as disability and death benefits, to full-time employees except members of the Police force. All benefits vest after 5 years of credited service. Employees who retire at or after age 55 are entitled to a monthly retirement benefit, payable for life, in an amount equal to 2.0% times credited service times final average salary (FAS), but in no event is the basic benefit greater than 50% of FAS. FAS is based upon the last 3 years of annualized wages. A member who completes 20 years of credited service and terminates prior to reaching the normal retirement may receive an immediate pension. The pension is the accrued pension, reduced by an actuarial factor to account for early payment.

The disability pension is available to members who are unable to perform gainful employment regardless of age or service. The disability pension is equal to 50% of the average monthly pay, offset by available workers' compensation benefits. A non-service related benefit of 30% is available to a member who has at least 10 years of service and who is unable to perform gainful employment.

The Plan also provides certain death benefits to the surviving spouse and/or dependents. If a member has at least 1 year of credited service at time of death, beneficiary receives present value of accrued benefit. At retirement, members may select a survivor benefit.

The Plan is controlled by the provisions of Ordinance No. 383 adopted pursuant to Act 15. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

Funding Policy

As a condition of participation, members are required to contribute 5% of compensation to the plan.

The Non-uniform Defined Benefit Pension Plan is also funded by annual entitlements received from the Commonwealth of Pennsylvania and contributions from the Township. The Township of Derry complied in full with the Commonwealth of Pennsylvania's Minimum Municipal Obligation (MMO) funding and reporting requirements for 2022.

The annual required contribution for the current year was determined through an actuarial calculation as mandated by Act 205 based on estimated 2022 payroll of \$3,236,292.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.80%
Salary Increases	Age related scale with merit and inflation component
Investment Rate of Return	5.25% (including inflation)
Postretirement Cost of Living Increase	2.80%

Mortality Rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity (large capitalized firms)	25%	5.0%
Domestic Equity (small capitalized firms)	8%	5.7%
International Equity (international developed markets)	15%	5.1%
International Equity (emerging markets)	3%	5.5%
Global Equities	5%	4.5%
Real Estate	15%	4.9%
Timber	5%	4.0%
Fixed Income	29%	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

Changes in the Net Pension Liability

	Total Pension Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at 12/31/2021	\$ 17,868,038	\$ 20,863,224	\$ (2,995,186)
Adjustments			
Service Cost	479,876	-	479,876
Interest Cost	944,325	-	944,325
Changes of Benefit Terms	-	-	-
Changes of Experience	313,903	-	313,903
Changes of Assumptions	-	-	-
Contributions – Employer	-	395,778	(395,778)
Contributions – PMRS assessment	-	2,160	(2,160)
Contributions – Member	-	161,815	(161,815)
PMRS Investment Income	-	919,701	(919,701)
Market value investment income	-	(3,408,060)	3,408,060
Transfers	-	-	-
Benefit Payments, including refunds of member contributions	(730,875)	(730,875)	-
PMRS administrative expense	-	(2,160)	2,160
Additional administrative expense	-	(48,594)	48,594
<b>Net Changes</b>	<b>1,007,229</b>	<b>(2,710,235)</b>	<b>3,717,464</b>
Balances at 12/31/2022	<u>\$ 18,875,267</u>	<u>\$ 18,152,989</u>	<u>\$ 722,278</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Non-uniform defined benefit plan, calculates using the discount rate of 5.25%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate.

	1% Decrease (4.25%)	<u>Increase(Decrease)</u> Current Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability	\$ 2,995,124	\$ 722,278	\$ (1,193,585)

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

The Township reported deferred outflows and deferred inflows of resources related to the Non-uniform Pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 235,427	\$ 191,712
Changes in Assumptions	201,951	-
Net Difference between Projected and Actual Investment Earnings on Non-Uniform Pension Plan Investments	<u>758,830</u>	<u>-</u>
Total	<u>\$ 1,196,208</u>	<u>\$ 191,712</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ (286,530)
2024	154,538
2025	454,876
2026	<u>681,612</u>
Total	<u>\$ 1,004,496</u>

Derry Township Non-uniform Cash Balance Plan

Plan Description

The Non-uniform Cash Balance Plan (the plan) is a single-employer plan controlled by the provisions of Ordinance No. 383 adopted pursuant to Act 15. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. For the year ended December 31, 2023, the Township made no contributions and paid an administrative fee of \$200.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.20%	
Salary Increases	4.06%	(average, including inflation)
Investment Rate of Return	5.25%	(including inflation)
Postretirement Cost of Living Increase	2.20%	

Mortality Rates were based on the RP2006 Table for males and females. This table does not include projected mortality improvements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity (large capitalized firms)	25%	5.0%
Domestic Equity (small capitalized firms)	8%	5.7%
International Equity (international developed markets)	15%	5.1%
International Equity (emerging markets)	3%	5.5%
Global Equities	5%	4.5%
Real Estate	15%	4.9%
Timber	5%	4.0%
Fixed Income	29%	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

Changes in the Net Pension Liability

	Total Pension Liability (a)	<u>Increase(Decrease)</u> Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at 12/31/2021	\$ 1,587,703	\$ 1,917,115	\$ (329,412)
Adjustments	-	-	-
Service Cost	-	-	-
Interest Cost	80,089	-	80,089
Changes of Benefit	-	-	-
Changes of Experience	3,844	-	3,844
Changes of Assumptions	-	-	-
Contributions – Employer	-	-	-
Contributions – PMRS assessment	-	-	-
Contributions – Member	-	-	-
PMRS Investment Income	-	80,067	(80,067)
Market value investment income	-	(316,444)	(316,444)
Transfers	-	-	-
Benefit Payments, including refunds of member contributions	(123,737)	(123,737)	-
PMRS administrative expense	-	-	-
Additional administrative expense	-	(4,230)	4,230
<b>Net Changes</b>	<b>(39,804)</b>	<b>(364,344)</b>	<b>324,540</b>
Balances at 12/31/2022	<u>\$ 1,547,899</u>	<u>\$ 1,552,771</u>	<u>\$ (4,872)</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Non-uniform defined benefit plan, calculates using the discount rate of 5.25%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate.

	1% Decrease (4.25%)	<u>Increase(Decrease)</u> Current Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability	\$ 141,666	\$ (4,872)	\$ (135,386)

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**13. RETIREMENT PLANS (CONTINUED)**

**Derry Township Non-uniform Pension Plans (Continued)**

The Township reported deferred outflows and deferred inflows of resources related to the Non-uniform Pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Investment Earnings on Non-Uniform Pension Plan Investments	\$ 68,237	\$ -
Total	\$ 68,237	\$ -

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ (35,133)
2024	5,644
2025	34,438
2026	63,288
Total	\$ 68,237

**14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

The Township provides postemployment insurance benefits to certain eligible employees through the Derry Township Postemployment Benefits Plan, a single employer defined benefit plan. All postemployment benefits are based on contractual agreements with three employee groups. Eligibility for these benefits is based on years of service upon retirement. The plan provides medical, dental, vision and prescription drug benefits for eligible retirees and their spouses. Coverage discontinues upon the retiree attaining Medicare eligibility. Coverage for the spouse discontinues after a period of 15 years or when the spouse becomes eligible for Medicare, whichever occurs first for two of the employee groups. The remaining employee group receives the same benefits as stated above except that coverage for the retiree discontinues after a period of 7 years or upon the retiree attaining Medicare eligibility, whichever occurs first. Coverage for the spouse discontinues after a period equal to the number of years the spouse was married to the retiree while the retiree was employed by the Township, up to 7 years, or when the retiree or spouse becomes eligible for Medicare, whichever occurs first. In all three employee groups the Township is required to pay 100% of the cost of benefits. Medical coverage is not provided to the retiree or spouse if they are eligible for coverage from another employer, even if those benefits are less than provided by the Township.

Funding Policy

The Township may contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Township made no contribution and instead elected to continue funding on a pay-as-you-go basis, which amounted to \$420,110 for 2023. These costs are recognized as an expense when claims or premiums are paid.



**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Plan Membership

Membership consisted of the following at December 31, 2023:

Active employees	87
Retirees and beneficiaries currently receiving benefits	<u>20</u>
Total	<u>107</u>

Actuarial methods and assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2023, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increase/Inflation	5.5%
Discount Rate	4.31% (S&P Municipal Bond 20-Year High Grade Rate Index)
Healthcare Cost Trend Rates	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Mortality	PubS-2010 and PubG-2010 mortality table, including rates for disabled retirees and contingent survivors

The following changes in actuarial assumption have been made since the prior measurement date: discount rate changed from 2.25% to 4.31%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.31% for the plan, relating to the S&P Municipal Bond 20-Year High Grade Rate Index as of January 1, 2023. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Changes in the Total OPEB Liability

Balance as of 12/31/22	\$ 14,556,380
Service Cost	817,547
Interest	339,326
Changes in Benefit Terms	-
Differences between Expected and Actual Experience	(1,303,327)
Changes of Assumptions	(2,028,951)
Benefit Payments	(540,431)
Other Charges	-
Net Changes	<u>(2,715,326)</u>
Balance as of 12/31/23	<u>\$ 11,840,544</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Derry Township Postemployment Benefits Plan, calculates using the discount rate of 4.31%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

		<u>Increase(Decrease)</u>		
		Current		
	1% Decrease (3.31%)	Discount Rate (4.31%)		1% Increase (5.31%)
Net OPEB Liability	\$ 12,806,066	\$ 11,840,544		\$ 10,958,403

Sensitivity of the net OPEB liability to changes in the health care cost trends

The following presents the net OPEB liability of the Derry Township Postemployment Benefits Plan, calculates using the health care cost trend rate of 7.00%, as well as what the liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

		<u>Increase(Decrease)</u>		
		Current		
	1% Decrease (6%)	Discount Rate (7%)		1% Increase (8%)
Net OPEB Liability	\$ 10,720,028	\$ 11,840,544		\$ 13,136,781

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

The Township reported deferred outflows and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 1,790,307
Changes in Assumptions	1,490,877	2,411,637
Contributions Subsequent to Measurement Date	483,516	-
Total	<u>\$ 1,974,393</u>	<u>\$ 4,201,944</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:

2024	\$ (253,247)
2025	(253,247)
2026	(253,247)
2027	(253,247)
2028	(253,247)
Thereafter	(1,444,832)
Total	<u>\$ (2,711,067)</u>

**15. EXCESS EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUNDS**

The following major fund had an excess actual expenditures over budget for the year ended December 31, 2023:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Percentage of Excess Over Appropriations</u>
General Fund	\$ 18,312,684	\$ 19,714,163	7.65%

**16. DEPOSITS AND INVESTMENTS – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

The carrying amounts of the cash and investments at December 31 consist of the following:

<u>Investments</u>	2023
Cash and money market investments	\$ 28,886,661
Accrued interest on government securities	3,983
Total deposits, including petty cash	<u>5,478,348</u>
Total deposits and investments	<u>\$ 34,368,992</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**16. DEPOSITS AND INVESTMENTS – DERRY TOWNSHIP MUNICIPAL AUTHORITY (CONTINUED)**

For cash flow purposes, cash and cash equivalents are comprised of cash, money market investments and total deposits.

<u>Reconciliation to the Statements of Net Position</u>		2023
Current assets:		
Cash	\$	3,100,650
Money Market Investments		6,898,431
		9,999,081
Non-current		
Money Market Investments		24,369,911
Total deposits and investments	\$	34,368,992

Deposits:

The Authority has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to 100% of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agent in the financial institution's name. When certificates of deposit are purchased, the Authority or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

The Authority has custodial credit risk on cash and investment deposits. This is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned. On December 31, 2023, the carrying amounts of the Authority's bank deposits were \$34,368,992 and the bank balance of \$34,566,007. As of December 31, 2023, \$10,815,610 of deposits were exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time, in any amount, with no liquidity fee or redemption gates. PLGIT/PLGIT PLUS have received an "AAA" rating from Standard & Poor's, an independent credit rating agency. At December 31, 2023, the carrying amount of the Authority's deposits with PLGIT were \$23,155,867.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**16. DEPOSITS AND INVESTMENTS – DERRY TOWNSHIP MUNICIPAL AUTHORITY (CONTINUED)**

Interest Rate Risk:

The Authority has a formal investment policy that permits investments as authorized by law and requires that maturities of investments are consistent with cash flow requirements. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates since it is anticipated that investments will be held to maturity.

Credit Risk:

The Authority limits the type of investments permitted as defined in the Municipality Authorities Act and the related trust indentures. Permitted investments are defined above. The Authority's investment policy is consistent with these limitations. As of December 31, 2023, the Authority does not hold any investments which are subject to credit risk.

**17. CAPITAL ASSETS – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

Capital assets of the Authority for 2023 consist of the following:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending</u>
Land and right-of-ways	\$ 2,370,024	\$ -	\$ -	\$ -	\$ 2,370,024
Collection lines	44,038,393	13,638,040	-	-	57,676,433
Sewage treatment plant	75,899,484	-	-	-	75,899,484
Plant equipment	4,904,198	22,090	-	-	4,926,288
Vehicles	2,222,034	-	-	-	2,222,034
Office equipment	1,408,858	19,454	-	-	1,428,312
Miscellaneous equipment	76,449	-	-	-	76,449
Stormwater system	9,639,957	24,571	-	-	9,664,528
Construction in progress	23,100,456	4,341,175	-	-	27,441,631
Projects in progress	-	38,889	-	-	38,889
	<u>163,659,853</u>	<u>18,084,219</u>	<u>-</u>	<u>-</u>	<u>181,744,072</u>
Less accumulated depreciation	<u>68,483,820</u>	<u>3,431,461</u>	<u>-</u>	<u>-</u>	<u>71,915,281</u>
	<u>\$ 95,176,033</u>	<u>\$ 14,652,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,828,791</u>

**18. LONG-TERM DEBT – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

The Authority's long-term debt consists of three types of obligations. The Authority has issued its own debt instruments in the form of Sewer Revenue Bonds, which are typically guaranteed by the Township of Derry.

**TOWNSHIP OF DERRY  
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**18. LONG-TERM DEBT – DERRY TOWNSHIP MUNICIPAL AUTHORITY (CONTINUED)**

In addition, in certain circumstances, the Authority has requested the Township of Derry to issue General Obligation Bonds or Notes to fund Authority projects and the Township has done so. This approach has provided certain financial benefits to the Authority. The Authority and Township have entered into subsidy agreements and amendments thereto which make the Authority fully responsible to the Township to repay the debt associated with the Authority's projects. Finally, the Authority has entered into lease obligations with neighboring Conewago Township and Conewago Municipal Authority.

The subsidy agreements with the Township of Derry contain various covenants of the Authority. Included in the subsidy agreements, as well as in the Guaranteed Sewer Revenue Bonds, are covenants to impose and collect sewer rentals, rates and other charges in each year sufficient, together with other available funds, to pay the administrative expenses and operation and maintenance expenses of the Authority's sewer system. Additionally, in accordance with the terms of the subsidy agreements, the Authority is bound to pay its share of the debt service on the related debt.

Long-term bonds and leases outstanding at December 31, 2023 are as follows:

	Original borrowing	Date of issue/maturity	Interest rates to maturity	Annual principal payments to maturity	Outstanding December 31, 2023
Sewer Revenue Bonds and Notes:					
Series of 2021A	\$ 7,360,000	2021/2025	1.00% to 4.00% 0.437% to	\$180,000 to \$2,040,000	\$ 2,220,000
Series of 2021B	10,840,000	2021/2037	2.760%	\$100,000 to \$1,295,000	10,475,000
Series of 2021C	9,135,000	2021/2035	1.50% to 3.00%	\$60,000 to \$1,950,000	9,135,000
Series of 2022	9,375,000	2022/2039	3.00% to 4.00%	\$5,000 to \$3,725,000	9,370,000
Series A of 2022	3,269,000	2022/2042	1.74%	\$133,000 to \$192,000	3,136,000
Series B of 2022	2,045,000	2022/2042	1.74%	\$84,000 to \$120,000	1,961,000
Series of 2023	3,389,000	2023/2043	3.11%	\$128,000 to \$224,000	3,389,000
Township of Derry, General Obligation					
Bonds - subsidy agreements:					
Series of 2018	5,010,000	2018/2030	1.70% to 4.00%	\$5,000 to \$2,445,000	4,985,000
Series of 2019	4,335,000	2019/2027	1.16% to 3.00%	\$5,000 to \$2,295,000	4,100,000
Series of 2020	8,915,000	2020/2028	1.00% to 4.00%	\$610,000 to \$2,660,000	5,620,000
Series of 2020A	8,880,000	2020/2040	1.00% to 4.00%	\$5,000 to \$1,065,000	8,865,000
Lease Obligations:					
Phase I	2,740,609	2007/2025	1.00%	\$119,230 to \$157,590	263,749
Phase II	4,591,356	2010/2032	1.00%	\$51,453 to \$204,524	1,615,985
	<u>\$79,884,965</u>				<u>\$ 65,135,734</u>

In December 2023, the Authority issued Guaranteed Revenue Notes, Series of 2023, in the amount of \$3,389,000. The principal on these notes is payable in annual installments ranging from \$128,000 to \$224,000 in 2043. Interest payments on the outstanding principal shall be due semi-annually, on June 1 and December 15 of each year, beginning June 1, 2024. The notes bear a fixed interest rate of 3.11%. The proceeds of the notes were used to fund capital projects and to pay issuance costs.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**18. LONG-TERM DEBT – DERRY TOWNSHIP MUNICIPAL AUTHORITY (CONTINUED)**

	Balance as of December 31, 2022	Additions	Retirements	Balance as of December 31, 2023
	<u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023</u>
Sewer Revenue Bonds:				
Series 2021A	\$ 3,930,000	\$ -	\$ (1,710,000)	\$ 2,220,000
Series 2021B	10,575,000	-	(100,000)	10,475,000
Series 2021C	9,135,000	-	-	9,135,000
Series of 2022	9,375,000	-	(5,000)	9,370,000
Series A of 2022	3,269,000	-	(133,000)	3,136,000
Series B of 2022	2,045,000	-	(84,000)	1,961,000
Series of 2023	-	3,389,000	-	3,389,000
Subsidy Agreements:				
Series 2018	4,990,000	-	(5,000)	4,985,000
Series 2019	4,115,000	-	(15,000)	4,100,000
Series 2020	6,580,000	-	(960,000)	5,620,000
Series 2020A	8,870,000	-	(5,000)	8,865,000
Total bonds payable	62,884,000	3,389,000	(3,017,000)	63,256,000
Lease obligations	2,224,850	-	(345,116)	1,879,734
	<u>\$ 65,108,850</u>	<u>\$ 3,389,000</u>	<u>\$ (3,362,116)</u>	<u>\$ 65,135,734</u>
Current Maturities	(3,362,116)			(3,595,583)
Unamortized original issue premium, net	2,954,812			2,607,378
Long-term debt, net of current maturities	<u>\$ 64,701,546</u>			<u>\$ 64,147,529</u>

The annual requirements for the Authority's long-term debt are shown below:

<u>Years Ended</u>	<u>Debt from Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,595,583	\$ 1,630,846	\$ 5,226,429
2025	3,658,806	1,512,436	5,171,242
2026	3,888,715	1,426,410	5,315,125
2027	3,718,671	1,329,932	5,048,603
2028	3,809,647	1,247,753	5,057,400
2029-2033	20,199,312	4,921,401	25,120,713
2034-2038	22,646,000	2,812,760	25,458,760
2039-2043	3,619,000	215,434	3,834,434
Totals	<u>\$ 65,135,734</u>	<u>\$ 15,096,972</u>	<u>\$ 80,232,706</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**19. OTHER POSTEMPLOYMENT BENEFITS – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

The Authority applies GASB standards for the measurement, recognition and reporting of expenditures for OPEB other than pensions and the related liabilities in the financial reports of state and local governmental employers.

Plan description: The Authority provides certain postemployment healthcare benefits to its employee retirees through one single-employer, defined benefit other postemployment benefit (OPEB) plan. The Authority’s OPEB plan is governed by the Derry Township Municipal Authority Board, which may amend provisions, and which is responsible for the management of plan assets. The OPEB plan does not issue a separate report.

Eligibility: Any employee who retires after having at least 15 years of service and after attaining age 60, or who retires after having at least 10 years of service after attaining age 62.

Plan membership: As of December 31, 2023, the OPEB plan membership consisted of the following (actual number of plan members):

	2023
Active plan members	36
Inactive plan members or beneficiaries currently receiving benefits	3
Total	39

Benefits Provided: Medical and prescription drug coverage is provided to the retiree until the earlier of Medicare age or five years maximum. The retiree is responsible for paying \$250 per year for coverage. Coverage will not be provided if the retiree is eligible for coverage from another employer, and upon loss of coverage, the retiree is not eligible to return to the plan. Spouses of retirees are also eligible for the same benefits under the same terms as long as they are not eligible for coverage from another employer.

Contributions: The contribution requirements of the plan members and the Authority are established and may be amended by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is 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.

Changes in Total OPEB liability:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend rate. Amounts determined are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability was measured as of January 1, 2022, and the total OPEB liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2022. No other significant events or changes in assumptions occurred between the valuation date and year end, except for the discount rate changing from 4.31% to 4.00%.



**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
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**19. OTHER POSTEMPLOYMENT BENEFITS – DERRY TOWNSHIP MUNICIPAL AUTHORITY  
(CONTINUED)**

The Authority's annual change in total OPEB liability to the plan for the years ended December 31, 2023 was as follows:

	2023
Service Cost	\$ 125,669
Interest	60,844
Difference between expected and actual experience	-
Changes in assumptions	30,602
Benefit payments	(100,015)
Change in Total OPEB liability	117,100
Total OPEB Liability:	
Beginning of the year	1,340,199
End of the year	\$ 1,457,299
Covered employee payroll	\$ 2,509,726
Total OPEB liability as a percentage of covered employee payroll	58.07%

Actuarial methods and assumptions:

The Authority's net OPEB liability was determined as part of an actuarial valuation at January 1, 2022, applied to all periods included in the measurement.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

**TOWNSHIP OF DERRY  
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**19. OTHER POSTEMPLOYMENT BENEFITS – DERRY TOWNSHIP MUNICIPAL AUTHORITY  
(CONTINUED)**

Information as of the latest actuarial valuation is as follows:

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Salary	Annual increase of 5.50%
Discount rate	
	4.00%, based on S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2023.

Health Care Cost Trend Rate	
	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Retiree contributions	
	Retiree contributions are not assumed to increase.

Withdraw rates	<u>Age</u>	<u>Rate</u>
	20	5.50%
	25	5.00%
	30	4.00%
	35	2.50%
	40	1.00%
	45	0.50%
	50	0.00%
	55	0.00%
	60	0.00%

Per capita claims cost	<u>Medical and Prescription Drug Combined</u>		
	<u>Age</u>	<u>Males</u>	<u>Females</u>
	45-49	\$ 8,975	\$ 12,961
	50-54	11,886	14,649
	55-59	14,477	15,328
	60-64	18,891	17,608

Disability	No disability was assumed
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Retirement	10% for age 60-62, 50% for ages 62-64, and 100% at age 65.
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Mortality	PubG-2010 mortality table, including rate for disabled retirees and contingent survivors.
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Eligible retirees electing coverage	100%
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Married at retirement	80%
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Spouse age	Wives are assumed to be three years younger than their husbands.
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**TOWNSHIP OF DERRY  
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DECEMBER 31, 2023**

**19. OTHER POSTEMPLOYMENT BENEFITS – DERRY TOWNSHIP MUNICIPAL AUTHORITY  
(CONTINUED)**

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

Discount rate: The 2023 discount rate used to measure the total OPEB liability was 4.00%. This is based on the S&P Bond 20-Year High Grade Rate Index at December 31, 2023. The 2022 discount rate used to measure the total OPEB liability was 4.31%. This is based on the S&P Bond 20-Year High Grade Rate Index at December 31, 2022.

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the plan calculated using the discount rate described above, as well as what the plan’s net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current discount rate	1% Increase
Total OPEB liability December 31, 2023	\$ 1,527,859	\$ 1,457,299	\$ 1,388,919

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

The following presents the net OPEB liability of the plan calculated using the Healthcare Cost Trend Rate described above, as well as what the plan’s net OPEB liability would be if they were calculated using Healthcare Cost Trend Rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current valuation rates	1% Increase
Total OPEB liability December 31, 2023	\$ 1,317,134	\$ 1,457,299	\$ 1,625,015

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**19. OTHER POSTEMPLOYMENT BENEFITS – DERRY TOWNSHIP MUNICIPAL AUTHORITY  
(CONTINUED)**

OPEB expense:

The OPEB expense for the Authority for the years ended December 31, 2023 was as follows:

	2023
Service cost	\$ 125,669
Interest	60,844
Amortization of deferred outflows	16,369
Amortization of deferred inflows	(10,544)
Total OPEB expense	\$ 192,338

Deferred outflows of resources and deferred inflows of resources related to OPEB:

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

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	\$ 86,054	\$ 116,009
Difference between expected and actual experience	89,828	6,621
	\$ 175,882	\$ 122,630

The effect of the changes of assumptions are recognized over the average expected remaining service lives of active and inactive members. Amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in OPEB expense as follows for the years ended December 31:

Year ended	
2024	\$ 5,825
2025	5,825
2026	5,825
2027	5,825
2028	5,825
Thereafter	24,127
	\$ 53,252

**TOWNSHIP OF DERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**20. DEFEASED DEBT**

In March 2021, the Authority defeased \$9,530,000 of the Guaranteed Sewer Revenue Bonds, Series of 2019, by placing the bond proceeds in an irrevocable trust to provide for future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. As of December 31, 2023, \$9,515,000 of the defeased bonds are still outstanding.

**21. DEFINED CONTRIBUTION PENSION PLAN – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

Under the authority of the Municipality Authorities Act of 1945 and by resolution of the Board, the Authority has established a defined contribution plan which provides pension benefits for all of its employees who meet specified service requirements. Benefits depend solely on amounts contributed to the plan plus investment earnings. Board action requires that the Authority contribute an amount equal to 10.0% of the employee's total compensation each month. The Authority's contributions for each employee (and earnings allocated to the employee's account) are fully vested after seven years of continuous service. Authority contributions for, and earnings forfeited by, employees who leave employment before being fully vested are used to reduce the Authority's current period contribution requirement. Voluntary participant contributions are permitted by the plan. The Authority made the required contributions in the gross amounts of \$226,661 for the year ended December 31, 2023.

**22. LEASES – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

Lessor

The Authority, as the lessor, had entered into an agreement in 2006 with the Township of Derry Industrial and Commercial Development Authority (the ICDA) to lease to the ICDA approximately 12 acres of land along Hersheypark Drive, Hershey, Pennsylvania. An initial lease receivable was recorded in the amount of \$423,255. There was no additional revenue for variable and other payments not included in the measurement of the lease receivable. As of December 31, 2023, the value of the lease receivable is \$390,380 and the related deferred inflow for future payments expected to be collected on the lease is \$379,633. The lessee is required to make monthly fixed payments of \$2,000 through 2046. The lease has an interest rate of 3.2%. The Authority recognized lease revenue and interest of \$12,690 and \$13,045, respectively for the calendar year.

Lessee

The Authority has entered into two leases with Conewago Township and Conewago Municipal Authority, respectively. Under two separate sewer service and lease agreements, Conewago Township and its Authority lease their sewer systems to the Derry Township Municipal Authority for operation and maintenance. The lease obligation to Conewago Township had balances of \$263,749 and \$419,902 at December 31, 2023. The cost of the related capital asset is \$4,229,548, with accumulated depreciation of \$1,001,148 at December 31, 2023. The capital lease obligation to Conewago Municipal Authority had a balance of \$1,615,985 at December 31, 2023. The cost of the related capital asset is \$4,099,169, with accumulated depreciation of \$717,355 at December 31, 2023. The total amount of interest payments remaining on the leases are \$71,461 as of December 31, 2023.

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**23. DEFERRED COMPENSATION PLAN – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

In September 1992, the Authority entered into an agreement with MissionSquare Retirement Corporation to provide a deferred compensation plan in accordance with Internal Revenue Code, Section 457 on a voluntary basis to full-time employees. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement, death or unforeseeable emergencies. In 2016, an employee loan provision was added to the plan. The Authority makes a matching contribution to the plan in the amount of 50% of the first 4% of salary deferred by the employee. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Authority, but are held in a trust, the deferred compensation assets and related liabilities are not recorded in the Authority's financial statements.

The Authority's responsibilities are to submit participant payroll deductions and enrollment change forms to the plan administrator (MissionSquare Retirement Corporation) and review the quarterly statements for accuracy. Investments are managed by the plan's trustee, with various investment options available. The choice of the investment options is made by the employee.

**24. COMMITMENTS – DERRY TOWNSHIP MUNICIPAL AUTHORITY**

In the normal course of business, the Authority may be subject to pending and threatened lawsuits in which claims for monetary damage could be asserted. In management's opinion, the Authority's financial position and results of operations would not be materially affected by the outcome of such legal proceedings.

The Authority has active construction projects as of December 31, 2023. At year end, the financial commitments with contractors related to these projects are as follows:

Project	Remaining commitment as of December 31, 2023
Biosolids Drying and Gasification Project	\$ 9,842,533
Bull Frog Valley & Deer Run Stream Restorations	62,745
Clearwater Headworks Improvements	1,316,018
Clearwater WWTF Energy enhancements	1,004,536
Oakmont Basin Retrofit and Forest Ave BMP	624,396
Raw sewage pumps replacement	161,669
Southwest Treatment Plant Screening	845,207
Spring Creek Interceptor Improvements	731,289
2023 Sanitary Sewer Rehabilitation	283,741
Totals	<u>\$ 14,872,134</u>

**TOWNSHIP OF DERRY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**25. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 8, 2025, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



**TOWNSHIP OF DERRY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Taxes</b>				
Real estate taxes, net of discount	\$ 5,676,023	\$ 5,676,023	\$ 5,364,534	\$ (311,489)
Real estate transfer tax	1,000,000	1,000,000	984,786	(15,214)
Earned income tax	5,200,000	5,200,000	6,835,646	1,635,646
Occupation tax	2,110,000	2,110,000	2,254,816	144,816
Local services tax	1,300,000	1,300,000	1,654,231	354,231
Amusement tax	1,200,000	1,200,000	1,601,580	401,580
Parking lot tax	800,000	800,000	1,063,360	263,360
<b>Total taxes</b>	<u>17,286,023</u>	<u>17,286,023</u>	<u>19,758,953</u>	<u>2,472,930</u>
<b>Licenses and permits</b>	<u>305,700</u>	<u>305,700</u>	<u>423,644</u>	<u>117,944</u>
<b>Fines and forfeits</b>	<u>109,675</u>	<u>109,675</u>	<u>139,513</u>	<u>29,838</u>
<b>Interest and rents</b>	<u>200,000</u>	<u>200,000</u>	<u>918,639</u>	<u>718,639</u>
<b>Intergovernmental revenues</b>	<u>925,994</u>	<u>925,994</u>	<u>1,548,993</u>	<u>622,999</u>
<b>Charges for services</b>	<u>2,619,011</u>	<u>2,619,011</u>	<u>3,893,034</u>	<u>1,274,023</u>
<b>Miscellaneous revenues</b>	<u>617,800</u>	<u>617,800</u>	<u>777,246</u>	<u>159,446</u>
<b>Total revenues</b>	<u>\$ 22,064,203</u>	<u>\$ 22,064,203</u>	<u>\$ 27,460,022</u>	<u>\$ 5,395,819</u>
<b>Total revenues and other financing sources</b>	<u>\$ 22,064,203</u>	<u>\$ 22,064,203</u>	<u>\$ 27,460,022</u>	<u>\$ 5,395,819</u>

**TOWNSHIP OF DERRY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)**  
**YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>General government</b>	\$ 2,577,697	\$ 2,577,697	\$ 2,616,841	\$ (39,144)
<b>Public safety</b>	7,985,885	7,985,885	8,931,856	(945,971)
<b>Community development</b>	753,752	753,752	843,544	(89,792)
<b>Health and human services</b>	-	-	17,789	(17,789)
<b>Public works - highways and streets</b>	3,005,417	3,005,417	3,083,755	(78,338)
<b>Parks and recreation</b>	2,891,951	2,891,951	3,102,424	(210,473)
<b>Library</b>	1,097,982	1,097,982	1,117,954	(19,972)
<b>Total expenditures</b>	18,312,684	18,312,684	19,714,163	(1,401,479)
<b>Other financing uses</b>				
Transfers out	5,948,365	5,948,365	4,380,374	1,567,991
<b>Total expenditures and other financing uses</b>	\$ 24,261,049	\$ 24,261,049	\$ 24,094,537	\$ 166,512

**TOWNSHIP OF DERRY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability									
Service cost	\$ 623,468	\$ 590,420	\$ 559,640	\$ 607,853	\$ 576,164	\$ 622,612	\$ 590,154	\$ 558,805	\$ 529,673
Interest	2,207,300	1,988,857	1,961,842	1,971,951	1,841,985	1,679,393	1,579,711	1,454,441	1,357,661
Changes of experience	720,247	-	(1,254,684)	-	(102,875)	-	(199,801)	-	-
Changes of assumptions	-	-	-	-	461,859	-	582,970	-	-
Benefit payments, including refunds of member contributions	<u>(1,353,758)</u>	<u>(1,407,838)</u>	<u>(1,842,625)</u>	<u>(991,864)</u>	<u>(772,944)</u>	<u>(719,132)</u>	<u>(840,143)</u>	<u>(674,167)</u>	<u>(625,317)</u>
Net Change in total pension liability	<u>2,197,257</u>	<u>1,171,439</u>	<u>(575,827)</u>	<u>1,587,940</u>	<u>2,004,189</u>	<u>1,582,873</u>	<u>1,712,891</u>	<u>1,339,079</u>	<u>1,262,017</u>
Total pension liability, beginning	<u>28,057,257</u>	<u>26,885,818</u>	<u>27,461,645</u>	<u>25,873,705</u>	<u>23,869,516</u>	<u>22,286,643</u>	<u>20,573,752</u>	<u>19,234,673</u>	<u>17,972,656</u>
Total pension liability, ending	<u>30,254,514</u>	<u>28,057,257</u>	<u>26,885,818</u>	<u>27,461,645</u>	<u>25,873,705</u>	<u>23,869,516</u>	<u>22,286,643</u>	<u>20,573,752</u>	<u>19,234,673</u>
Plan fiduciary net position									
Contributions - employer	583,984	563,658	1,243,116	1,066,550	1,081,478	987,638	987,226	959,589	1,111,782
Contributions - member	176,663	224,252	114,628	103,479	108,452	110,615	111,072	110,174	104,011
Net investment income	3,177,685	(3,768,807)	3,859,093	2,718,876	3,608,505	(545,831)	2,148,013	1,164,094	352,508
Benefit payments, including refunds of member contributions	<u>(1,353,758)</u>	<u>(1,407,838)</u>	<u>(1,842,625)</u>	<u>(991,864)</u>	<u>(772,944)</u>	<u>(719,132)</u>	<u>(840,143)</u>	<u>(674,167)</u>	<u>(625,317)</u>
Administrative expenses	<u>(23,900)</u>	<u>-</u>	<u>(8,900)</u>	<u>(13,800)</u>	<u>(7,000)</u>	<u>(12,038)</u>	<u>(17,307)</u>	<u>(4,000)</u>	<u>(6,300)</u>
Net Change in plan fiduciary net position	<u>2,560,674</u>	<u>(4,388,735)</u>	<u>3,365,312</u>	<u>2,883,241</u>	<u>4,018,491</u>	<u>(178,748)</u>	<u>2,388,861</u>	<u>1,555,690</u>	<u>936,684</u>
Plan fiduciary net position, beginning	<u>25,790,188</u>	<u>30,178,923</u>	<u>26,813,611</u>	<u>23,930,370</u>	<u>19,911,879</u>	<u>20,090,627</u>	<u>17,701,766</u>	<u>16,146,076</u>	<u>15,209,392</u>
Plan fiduciary net position, ending	<u>28,350,862</u>	<u>25,790,188</u>	<u>30,178,923</u>	<u>26,813,611</u>	<u>23,930,370</u>	<u>19,911,879</u>	<u>20,090,627</u>	<u>17,701,766</u>	<u>16,146,076</u>
Net pension liability	<u>\$ 1,903,652</u>	<u>\$ 2,267,069</u>	<u>\$ (3,293,105)</u>	<u>\$ 648,034</u>	<u>\$ 1,943,335</u>	<u>\$ 3,957,637</u>	<u>\$ 2,196,016</u>	<u>\$ 2,871,986</u>	<u>\$ 3,088,597</u>
Plan fiduciary net position as a percentage of the total pension liability	93.71%	91.92%	112.25%	97.64%	92.49%	83.42%	90.15%	86.04%	83.94%
Projected covered employee payroll	4,182,313	4,095,746	3,770,244	3,424,874	3,500,142	3,813,166	3,782,543	3,839,792	3,748,331
Net pension liability as a percentage of covered employee payroll	45.52%	55.35%	-87.34%	18.92%	55.52%	103.79%	58.06%	74.80%	82.40%

Notes to schedule:

The Township adopted GASB 67 on a prospective basis in 2015; therefore only nine years are presented in the above schedule.

**TOWNSHIP OF DERRY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS - POLICE PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined employer contributions	\$ 583,984	\$ 563,658	\$ 1,243,116	\$ 1,066,550	\$ 1,081,478	\$ 987,638	\$ 987,226	\$ 959,589	\$ 1,111,782	\$ 1,003,748	\$ 969,383
Contributions in relation to the actuarially determined employer contribution	<u>583,984</u>	<u>563,658</u>	<u>1,243,116</u>	<u>1,066,550</u>	<u>1,081,478</u>	<u>987,638</u>	<u>987,226</u>	<u>959,589</u>	<u>1,111,782</u>	<u>1,003,748</u>	<u>969,383</u>
Employer contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to Schedule**

Valuation date                      January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	N/A
Asset valuation method	Market value of assets as determined by the trustee.
Inflation	3.00%
Salary increases	5.50%
Investment rate-of-return	7.50%
Retirement age	It is assumed that all members enter the IROP upon meeting the eligibility requirements for normal retirement and participate in the IROP for three years.
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

**TOWNSHIP OF DERRY  
SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION  
(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	10.98%	-12.49%	14.39%	11.36%	18.12%	-2.72%	12.13%	7.21%	2.32%

**Notes to Schedule**

The Township adopted GASB 67 on a prospective basis in 2015, therefore only nine years are presented in the above schedule.

**TOWNSHIP OF DERRY**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**NON-UNIFORMED PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service Cost	\$ 479,876	\$ 423,735	\$ 458,325	\$ 488,649	\$ 494,516	\$ 471,503	\$ 448,825	\$ 468,885	\$ 453,549
Interest	944,325	920,127	898,232	869,688	839,671	803,396	787,801	724,938	669,565
Changes of Experience	313,903	-	(354,402)	-	(87,066)	-	(174,630)	(956)	320,154
Changes of Assumptions	-	-	403,905	-	-	-	434,594	415,333	-
Transfers	-	-	-	-	-	-	-	-	19,219
Benefit Payments, including Refunds of Member Contributions	(730,875)	(1,142,031)	(771,534)	(796,802)	(545,392)	(666,997)	(416,231)	(475,234)	(446,386)
Net Change in Total Pension Liability	1,007,229	201,831	634,526	561,535	701,729	607,902	1,080,359	1,132,966	1,016,101
Total Pension Liability, beginning	<u>17,868,038</u>	<u>17,666,207</u>	<u>17,031,681</u>	<u>16,470,146</u>	<u>15,768,417</u>	<u>15,160,515</u>	<u>14,080,156</u>	<u>12,947,190</u>	<u>11,931,089</u>
Total Pension Liability, ending (a)	<u>18,875,267</u>	<u>17,868,038</u>	<u>17,666,207</u>	<u>17,031,681</u>	<u>16,470,146</u>	<u>15,768,417</u>	<u>15,160,515</u>	<u>14,080,156</u>	<u>12,947,190</u>
Plan Fiduciary Net Position									
Contributions - Employer	395,778	515,814	441,369	540,744	410,672	417,434	358,880	333,163	248,273
Contributions - PMRS Assessment	2,160	2,160	2,060	2,060	1,980	1,940	1,880	1,780	-
Contributions - Member	161,815	142,884	168,856	180,533	182,827	174,319	174,375	175,495	164,032
PMRS investment income	919,701	885,780	820,353	764,183	720,029	689,903	695,635	638,347	593,385
Market value investment income	(3,408,060)	1,567,303	1,501,696	2,132,790	(1,347,292)	1,486,606	295,038	(860,531)	39,022
Transfers	-	-	-	-	-	-	-	-	19,219
Benefit payments, including refunds of member contributions	(730,875)	(1,142,031)	(771,534)	(796,802)	(545,392)	(666,997)	(416,231)	(475,234)	(446,386)
PMRS administrative expense	(2,160)	(2,160)	(2,060)	(2,060)	(1,940)	(1,820)	(1,800)	(1,780)	(1,720)
Additional administrative expenses	(48,594)	(50,169)	(35,742)	(26,415)	(32,132)	(31,728)	(34,080)	(26,611)	(22,757)
Net Change in plan fiduciary net position	(2,710,235)	1,919,581	2,124,998	2,795,033	(611,248)	2,069,657	1,073,697	(215,371)	593,068
Plan fiduciary net position, beginning	<u>20,863,224</u>	<u>18,943,643</u>	<u>16,818,645</u>	<u>14,023,612</u>	<u>14,634,860</u>	<u>12,565,203</u>	<u>11,491,506</u>	<u>11,706,877</u>	<u>11,113,809</u>
Plan fiduciary net position, ending	<u>18,152,989</u>	<u>20,863,224</u>	<u>18,943,643</u>	<u>16,818,645</u>	<u>14,023,612</u>	<u>14,634,860</u>	<u>12,565,203</u>	<u>11,491,506</u>	<u>11,706,877</u>
Net pension liability	<u>\$ 722,278</u>	<u>\$ (2,995,186)</u>	<u>\$ (1,277,436)</u>	<u>\$ 213,036</u>	<u>\$ 2,446,534</u>	<u>\$ 1,133,557</u>	<u>\$ 2,595,312</u>	<u>\$ 2,588,650</u>	<u>\$ 1,240,313</u>
Plan fiduciary net position as a percentage of the total pension liability	96.17%	116.76%	107.23%	98.75%	85.15%	92.81%	82.88%	81.61%	90.42%
Projected covered employee payroll	3,236,292	2,857,680	3,377,126	3,600,567	3,656,542	3,486,380	3,487,500	3,509,899	3,381,407
Net pension liability as a percentage of covered employee payroll	22.32%	-104.81%	-37.83%	5.92%	66.91%	32.51%	74.42%	73.75%	36.68%

Note: This schedule will eventually cover the 10 most recent fiscal years; however, this is the information available as of the implementation of GASB 68.

**TOWNSHIP OF DERRY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS - NON-UNIFORMED PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contributions	\$ 397,778	\$ 517,914	\$ 443,389	\$ 542,893	\$ 412,528	\$ 419,254	\$ 360,680	\$ 334,843	\$ 248,173
Contributions in relation to the actuarially determined employer contribution	397,938	517,974	443,429	542,804	412,652	419,374	360,760	334,943	248,273
Employer contributions deficiency (excess)	<u>(160)</u>	<u>(60)</u>	<u>(40)</u>	<u>89</u>	<u>(124)</u>	<u>(120)</u>	<u>(80)</u>	<u>(100)</u>	<u>(100)</u>
Covered Payroll	2,857,680	3,387,790	3,377,126	3,600,567	3,656,542	3,486,380	3,487,500	3,509,899	3,381,407
Contribution as a percentage of Covered Payroll	18.13%	15.29%	13.07%	15.08%	11.29%	12.03%	10.34%	9.54%	7.34%

**Notes to Schedule**

Valuation date                      January 1, 2022

Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported.

Actuarial cost method	Entry Age
Amortization method	Level Dollar Closed
Remaining amortization period	8 years
Asset valuation method	Based upon Municipal Reserves in PMRS (Fair Value)
Inflation	2.8%
Salary increases	Age-related scale with merit including inflation ranging from 2.8% to 7.05%.
Investment rate-of-return	5.25%, net of pension plan investment expense, including inflation
Pre-Retirement Mortality	Males - RP 2000 Non-Annuitant Male Table projected 15 years with Scale AA. Females - RP 2000 Non-Annuitant Female Table projected 15 years with Scale AA, set back 5 years.
Post-Retirement Mortality	Males - RP 2000 Non-Annuitant Male Table projected 5 years with Scale AA. Females - RP 2000 Non-Annuitant Female Table projected 10 years with Scale AA.

- Information only available for nine years. Future years will be added as Information becomes available.

**TOWNSHIP OF DERRY**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**CASH BALANCE PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	80,089	80,956	78,076	77,993	72,234	71,358	71,270	68,044	62,347
Changes of benefits	-	-	-	-	15,394	-	-	-	-
Changes of experience	3,844	-	12,005	-	4,646	-	1,237	1,149	5,340
Changes of assumptions	-	-	33,254	-	-	-	3,117	1,705	-
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(123,737)	(73,672)	(65,045)	(47,574)	(25,026)	(12,231)	(12,231)	(12,231)	(11,876)
Net Change in total pension liability	(39,804)	7,284	58,290	30,419	67,248	59,127	63,393	58,667	55,811
Total pension liability, beginning	<u>1,587,703</u>	<u>1,580,419</u>	<u>1,522,129</u>	<u>1,491,710</u>	<u>1,424,462</u>	<u>1,365,335</u>	<u>1,301,942</u>	<u>1,243,275</u>	<u>1,187,464</u>
Total pension liability, ending	<u>1,547,899</u>	<u>1,587,703</u>	<u>1,580,419</u>	<u>1,522,129</u>	<u>1,491,710</u>	<u>1,424,462</u>	<u>1,365,335</u>	<u>1,301,942</u>	<u>1,243,275</u>
Plan fiduciary net position									
Contributions - employer	-	-	-	-	-	-	-	-	200
Contributions - PMRS Assessment	-	200	200	200	200	200	200	200	-
Contributions - member	-	-	-	-	-	-	-	-	-
PMRS investment income	80,067	80,939	78,057	77,792	71,893	71,004	71,029	67,874	62,304
Market value investment income	(316,444)	144,259	143,957	203,887	(159,656)	154,863	31,208	(71,065)	(469)
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(123,737)	(73,672)	(65,045)	(47,574)	(25,026)	(12,231)	(12,231)	(12,231)	(11,876)
PMRS administrative expense	-	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Additional administrative expenses	(4,230)	(4,584)	(3,401)	(2,689)	(3,208)	(3,265)	(3,480)	(2,830)	(2,389)
Net Change in plan fiduciary net position	(364,344)	146,942	153,568	231,416	(115,997)	210,371	86,526	(18,252)	47,570
Plan fiduciary net position, beginning	<u>1,917,115</u>	<u>1,770,173</u>	<u>1,616,605</u>	<u>1,385,189</u>	<u>1,501,186</u>	<u>1,290,815</u>	<u>1,204,289</u>	<u>1,222,541</u>	<u>1,174,971</u>
Plan fiduciary net position, ending	<u>1,552,771</u>	<u>1,917,115</u>	<u>1,770,173</u>	<u>1,616,605</u>	<u>1,385,189</u>	<u>1,501,186</u>	<u>1,290,815</u>	<u>1,204,289</u>	<u>1,222,541</u>
Net pension liability (asset)	\$ (4,872)	\$ (329,412)	\$ (189,754)	\$ (94,476)	\$ 106,521	\$ (76,724)	\$ 74,520	\$ 97,653	\$ 20,734
Plan fiduciary net position as a percentage of the total pension liability	100.31%	120.75%	112.01%	106.21%	92.86%	105.39%	94.54%	92.50%	98.33%
Projected covered employee payroll	-	-	-	-	-	-	-	-	-
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: This schedule will eventually cover the 10 most recent fiscal years; however, this is the information available as of the implementation of GASB 68.



**TOWNSHIP OF DERRY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS - CASH BALANCE PENSION**  
**(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contributions	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Contributions in relation to the actuarially determined employer contribution	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
Employer contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to Schedule**

Plan Changes: Plan changes may include excess interest distribution during the measurement year ending in 2018, if applicable.

**TOWNSHIP OF DERRY  
SCHEDULE OF CHANGES  
IN THE TOTAL OPEB LIABILITY AND  
RELATED RATIOS - DERRY TOWNSHIP MUNICIPAL AUTHORITY  
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 817,547	\$ 863,989	\$ 821,352	\$ 731,453	\$ 766,590	\$ 677,210
Interest	339,326	286,543	431,278	429,403	368,941	386,404
Changes of Benefit Terms	-	-	-	-	-	-
Differences between expected and actual experience	(1,303,327)	-	(689,164)	-	(210,938)	-
Changes of assumptions or other inputs	(2,028,951)	(341,443)	1,420,657	449,305	(503,966)	393,765
Benefit payments, including refunds of employee contributions	<u>(540,431)</u>	<u>(513,829)</u>	<u>(285,893)</u>	<u>(245,703)</u>	<u>(285,754)</u>	<u>(287,626)</u>
Net Change in total OPEB liability	<u>(2,715,836)</u>	295,260	1,698,230	1,364,458	134,873	1,169,753
 Total OPEB liability, beginning	 <u>14,556,380</u>	 <u>14,261,120</u>	 <u>12,562,890</u>	 <u>11,198,432</u>	 <u>11,063,559</u>	 <u>9,893,806</u>
Total OPEB liability, ending	<u>11,840,544</u>	<u>14,556,380</u>	<u>14,261,120</u>	<u>12,562,890</u>	<u>11,198,432</u>	<u>11,063,559</u>
 Covered payroll	 7,261,966	 6,965,775	 6,965,697	 8,064,078	 8,064,078	 7,167,786
Total OPEB liability as a percentage of covered payroll	163.05%	208.97%	204.73%	155.79%	138.87%	154.35%

Notes of Schedule:

The discount rate changed from 2.25% in 2022 to 4.31% in 2023.

Scale MP-2021 is used to reflect mortality improvement.

The Township adopted GASB 75 on a prospective basis in 2018; therefore, only six years are presented in the above schedule.

**TOWNSHIP OF DERRY  
SCHEDULE OF CHANGES  
IN THE TOTAL OPEB LIABILITY AND  
RELATED RATIOS  
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 125,669	\$ 115,478	\$ 116,350	\$ 93,969	\$ 88,850	\$ -
Interest	60,844	30,879	25,644	39,121	41,578	-
Changes of Benefit Terms	-	-	-	-	-	1,102,231
Differences between expected and actual experience	-	104,800	-	(9,565)	-	-
Changes of assumptions or other inputs	30,602	(125,494)	(10,975)	69,920	15,825	-
Benefit payments, including refunds of employee contributions	(100,015)	(92,503)	(79,270)	(96,487)	(90,152)	-
Net Change in total OPEB liability	<u>117,100</u>	<u>33,160</u>	<u>51,749</u>	<u>96,958</u>	<u>56,101</u>	<u>1,102,231</u>
Total OPEB liability, beginning	<u>1,340,199</u>	<u>1,307,039</u>	<u>1,255,290</u>	<u>1,158,332</u>	<u>1,102,231</u>	<u>-</u>
Total OPEB liability, ending	<u>\$ 1,457,299</u>	<u>\$ 1,340,199</u>	<u>\$ 1,307,039</u>	<u>\$ 1,255,290</u>	<u>\$ 1,158,332</u>	<u>\$ 1,102,231</u>
Covered payroll	\$ 2,509,726	\$ 2,509,726	\$ 2,220,118	\$ 2,220,118	\$ 2,338,104	\$ 2,338,104
Total OPEB liability as a percentage of covered payroll	58.07%	53.40%	58.87%	56.54%	49.54%	47.14%

Notes of Schedule:

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Changes in assumptions:

For 2023, the discount rate changed from 4.31% to 4.00%.

For 2022, the discount rate changed from 2.25% to 4.31%.

For 2021, the discount rate changed from 1.93% to 2.25%.

**SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF DERRY  
COMBINING BALANCE SHEET  
OTHER GOVERNMENT FUNDS  
DECEMBER 31, 2023**

<b>Assets</b>	<u>Liquid Fuels</u>	<u>Street Light</u>	<u>Total</u>
Cash and equivalents	\$ 1,181,966	\$ -	\$ 1,181,966
Taxes receivable, net	-	3,773	3,773
<b>Total Assets</b>	<u>\$ 1,181,966</u>	<u>\$ 3,773</u>	<u>\$ 1,185,739</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 31,771	\$ 31,771
<b>Total Liabilities</b>	<u>-</u>	<u>31,771</u>	<u>31,771</u>
<b>Deferred Inflows of Resources</b>			
Deferred taxes	-	1,790	1,790
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>1,790</u>	<u>1,790</u>
<b>Fund Balance</b>			
Restricted	1,181,966	-	1,181,966
Unassigned	-	(29,788)	(29,788)
<b>Total Fund Balance</b>	<u>1,181,966</u>	<u>(29,788)</u>	<u>1,152,178</u>
<b>Total Liabilities, Deferred inflows of Resources and Fund Balance</b>	<u>\$ 1,181,966</u>	<u>\$ 3,773</u>	<u>\$ 1,185,739</u>

**TOWNSHIP OF DERRY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE**  
**OTHER GOVERNMENT FUNDS**  
**DECEMBER 31, 2023**

<b>Revenues</b>	<u>Liquid Fuels</u>	<u>Street Light</u>	<u>Total</u>
Taxes	\$ -	\$ 266,195	\$ 266,195
Interest and rents	77,278	-	77,278
Intergovernmental revenues	790,152	-	790,152
<b>Total Revenues</b>	<u>867,430</u>	<u>266,195</u>	<u>1,133,625</u>
<b>Expenditures</b>			
Public works	<u>862,238</u>	<u>371,532</u>	<u>1,233,770</u>
<b>Total Expenditures</b>	<u>862,238</u>	<u>371,532</u>	<u>1,233,770</u>
<b>Other Financing Sources</b>			
Operating transfers in	<u>15,743</u>	<u>106,016</u>	<u>121,759</u>
<b>Total Financing Sources</b>	<u>15,743</u>	<u>106,016</u>	<u>121,759</u>
<b>Net Change in Fund Balance</b>	20,935	679	21,614
<b>Fund Balance, January 1</b>	<u>1,161,031</u>	<u>(30,467)</u>	<u>1,130,564</u>
<b>Fund Balance, December 31</b>	<u>\$ 1,181,966</u>	<u>\$ (29,788)</u>	<u>\$ 1,152,178</u>

**TOWNSHIP OF DERRY**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Real estate taxes</b>	\$ -	\$ -	\$ -	\$ -
<b>Licenses and permits</b>	-	-	-	-
<b>Charges for services</b>	-	-	1,613	1,613
<b>Interest and rents</b>	105,000	105,000	194,675	89,675
<b>Intergovernmental revenues</b>	2,000,000	2,000,000	284,823	(1,715,177)
<b>Miscellaneous revenues</b>	-	-	363,728	363,728
<b>Other financing sources</b>				
Operating transfers in	4,204,204	4,204,204	4,337,708	133,504
Bond Proceeds	-	-	747,590	747,590
Lease Proceeds	-	-	301,082	301,082
Proceeds from sale of equipment	-	-	5,328	5,328
<b>Total other financing sources</b>	4,204,204	4,204,204	5,391,708	1,187,504
<b>Total revenues and other financing sources</b>	<u>\$ 6,309,204</u>	<u>\$ 6,309,204</u>	<u>\$ 6,236,547</u>	<u>\$ (72,657)</u>

**TOWNSHIP OF DERRY**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECT FUND (continued)**  
**YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>General government</b>	\$ 51,500	\$ 51,500	\$ 44,594	\$ 6,906
<b>Public safety</b>	635,608	635,609	1,562,866	(927,257)
<b>Community development</b>	6,100	6,100	-	6,100
<b>Public works - highways and streets</b>	225,000	225,000	859,350	(634,350)
<b>Parks and recreation</b>	1,829,516	1,829,516	388,679	1,440,837
<b>Library</b>	25,000	25,000	-	25,000
<b>Debt service</b>				
Principal	1,706,308	1,706,308	1,677,665	28,643
Interest and fiscal charges	1,770,173	1,770,173	1,691,477	78,696
<b>Total Debt service</b>	3,476,481	3,476,481	3,369,142	107,339
<b>Total expenditures</b>	6,249,205	6,249,206	6,224,631	24,575
<b>Total expenditures and other financing uses</b>	\$ 6,249,205	\$ 6,249,206	\$ 6,224,631	\$ 24,575