

**RESOLUTION 2024-19**  
**Recommendation to move additional funds**  
**to the Township's PSDLAF GTS bank accounts**  
**for the General and Golf Course Funds**

**A RESOLUTION OF LONDONDERRY TOWNSHIP BOARD OF SUPERVISORS** approving a \$2,000,000 and \$150,000 transfer from the General Fund and Golf Course Fund Mid Penn Bank accounts to the PSDLAF GTS accounts.

**NOW, THEREFORE, BE IT RESOLVED**, that the Supervisors of Londonderry Township enact to approve the transfer of \$2,000,000 and \$150,000 from the General Fund and Golf Course Fund Mid Penn Bank accounts to the PSDLAF GTS accounts.

**THIS RESOLUTION** has been duly acted upon and is hereby adopted by the Supervisors of Londonderry Township this 7<sup>th</sup> day of October, 2024.

**BACKGROUND**

The Finance Office recommends that Londonderry Township transfer additional excess available funds to the Township's financial institution PSDLAF (Pennsylvania School District Liquid Asset Fund - through the financial institution: PMA Financial Network<sup>\*\*\*</sup>), 2 (two) GTS accounts: (1) for the General Fund and another (2) for the Golf Course Fund.

PSDLAF GTS account is currently yielding interest rates advertised at 5.17%\*, which is more than the alternative: PLGIT (Pennsylvania Local Government Investment Trust)\*\* and much more than the Township's current financial institution Mid Penn Bank of 2.23%. Note, PSDLAF GTS accounts are reserved strictly for Municipalities and School Districts and are collateralized at 110% of the Township's total account balances by PSDLAF. Additionally, a PSDLAF GTS account can be linked to Londonderry Township's Mid Penn Bank accounts to *move* funds electronically between financial institutions, if necessary. Through PSDLAF, Londonderry Township can create specific parameters to follow prior to the initiation of a transfer, such as PSDLAF physically calling Londonderry Township's authorized signatory(ies), as well as limiting external transfers to Mid Penn Bank, and *vice versa* with Mid Penn Bank. These measures would enforce strict controls.

Londonderry Township's current Mid Penn Bank General Fund and Golf Course Fund account balances, as of September 25, 2024, are \$4,565,804.40 and \$1,204,551.64, respectively. To remain conservative, over the past three-years, on average, the General Fund and Golf Course Fund have total annual expenses of around \$3,200,000 and \$1,710,000. The General Fund's and Golf Course Fund's 2024 budgeted expenses are \$3,185,056 and \$1,706,043, respectively. To remain conservative, the General Fund's six-month total *average* annual expenses are around \$1,600,000 (\$3,200,000 total average annual expenses, which resembles the 2024 budgeted expenses, divided by two, which is 50% of one- year). While, again, to be conservative, the Golf Course Fund's six-month total average annual expenses is around \$855,000 (\$1,710,000 total average annual expenses, which resembles the 2024 budgeted expenses, divided by two, is which 50% of one year). Therefore, Finance suggests that both the General Fund and Golf Course Fund maintain a minimum of six-months of liquid cash reserves on hand at Mid Penn Bank for each Fund.

**BACKGROUND (continued)**

As a result, Finance recommends that the General Fund and Golf Course Fund transfer to deposit **\$2,000,000** (~\$4,500,000 bank balance September 25, 2024 less \$1,600,000 six-month of total *average* expenses, which is similar to the 2024 budgeted expenses, less upcoming anticipated capital expenses of \$900,000) and **\$150,000** (~\$1,200,000 bank balance on September 25, 2024 less \$855,000 six-months of total average expenses, which is similar to the 2024 budgeted expenses, less upcoming anticipated capital expenses of \$195,000), respectively.

Note, if these funds were invested with the PSDLAF for one-year, in addition to the bank accounts with Mid Penn Bank, these funds would generate around \$159,000 (\$2,000,000, PSDLAF balance, \* 5.17% + \$2,500,000, Mid Penn Bank balance, \* 2.23%) for the General Fund and around \$31,000 (\$150,000, PSDLAF balance, \* 5.17% + \$1,050,000 Mid Penn balance, \* 2.23%) for the Golf Course Fund.

During 2023, the Mid Penn Bank accounts alone earned around \$52,000, or \$138,000 less interest without PSDLAF, for the General and Golf Course Funds. Furthermore, during 2023, with Mid Penn Bank, the General Fund and the Golf Course Fund account balances were around \$3,736,000 and \$1,006,000, respectively. Currently, PSDLAF would yield significantly more interest earnings, even daily, with much less principal account balances.

If all is approved: Anna, Ron or Bart will need to contact PSDLAF to being the process of transfer to these accounts\*\*\* since they are the authorized signers.

Footnotes:

\* <https://psdlaf.org/rates/> [GTS Investment= 5.17%]

\*\* <https://www.plgit.com/current-yields> [PRIME= 5.16%]

\*\*\*Contact Infor: Financial Institution: PMA Financial Network, Address: 2101 Oregon Pike, Lancaster, PA 17601, Phone: (866) 548-8634 and Email: [PSDLAF@pmanetwork.com](mailto:PSDLAF@pmanetwork.com)"

**LONDONDERRY TOWNSHIP  
BOARD OF SUPERVISORS**

Attest:

BY: \_\_\_\_\_  
Signature on file  
Secretary

BY: \_\_\_\_\_  
Signature on file  
Chair