

EAST BUFFALO TOWNSHIP

FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
DECEMBER 31, 2021

East Buffalo Township

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Statement of Net Position	8
Statement of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	14
Statement of Net Position – Fiduciary Fund	15
Statement of Revenues, Expenditures and Changes in Net Position – Fiduciary Fund	16
Notes to Financial Statements	17-35
Required Supplementary Information – Schedule of Changes In Net Pension Liability	36
Required Supplementary Information – Schedule of Employer Contributions	37



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## INDEPENDENT AUDITOR'S REPORT

To the Township Supervisors  
East Buffalo Township

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the East Buffalo Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Buffalo Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and the schedule of employer's contributions 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.

*Herring, Kell + Solomon*

Sunbury, PA  
October 13, 2022

**EAST BUFFALO TOWNSHIP, UNION COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of East Buffalo Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the Township's financial statements that begin on Page 8.

**BASIS OF ACCOUNTING**

The Township uses the accrual basis of accounting, which complies with Generally Accepted Accounting Principles (GAAP). Accrual basis offers a number of benefits of transparency, accountability, and financial management. Accrual based reporting provides a more complete picture of the financial position of the Township as a whole. The comparisons contained in this report includes the fiscal years 2020 and 2021, each using the accrual basis of accounting.

**FINANCIAL HIGHLIGHTS**

The Township's 2021 receipts decreased 2.11%, while expenses decreased 9.83%, providing for total revenues to exceed total expenses for the 2021 fiscal year and the net position increasing by 15.57%

The Township's General Fund increased 15.71% during 2021. It is important to note that the General Fund includes the Reserve Fund and the Other Post-Employment Benefits (OPEB) investment account; combined, the Reserve Fund and the OPEB account value decreased 10.9%.

Total Current Assets increased 12.63% Total Assets and Deferred Outflows of Resources increased 9.87% Total Liabilities and Deferred Inflows of Resources decreased 10.25%. The Township's Net Position increased 15.57%. The Total Net Position includes \$287,876 of restricted funds, a decrease of 41.82%. This is directly related to the Pennsylvania Department of Transportation Municipal Liquid Fuels funding, which has purchasing restrictions. Unrestricted funds noted in the Total Net Position is available for use at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.

**USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's accrual basis of accounting.

**Report Components**

This annual report consists of the following parts:

*Government-Wide Financial Statements:* The Statement of Net Position and the Statement of Activities (beginning on page 8) provides information about the activities of the Township government-wide (or "as a whole") and presents a longer-term view of the Township's finances.

*Fund Financial Statements:* Fund financial statements (starting on page 10) focus on the individual parts of the Township government. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

*Notes to the Financial Statements:* The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

*Required Supplementary Information:* This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule (starting on page 14) represent financial information required by GASB to be presented. Such information provides users of the report with additional data that supplements the government-wide statements, fund financial statements, and notes referred to as "the basic financial statements").

## **Reporting Entity Presentation**

### *The Government-Wide Statement of Net Position and the Statement of Activities*

The government-wide financial statements are presented on pages 8 and 9. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all of the Township's assets and liabilities resulting from the use of the accrual basis of accounting.

## **Reporting the Township's Most Significant Funds**

### *The Fund Financial Statements*

Our analysis of the Township's major funds begins on Page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds - not the Township as a whole. Some funds are required to be established by State law. However, the Township Board establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The two kinds of funds are:

Government Funds - Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary Funds – These are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing zoning services to the general public on a continuing basis is financed through user charges. The township did not have any proprietary funds in 2021.

## A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

### **Net Position – Accrual Basis**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, significantly changes how long-term obligations and annual costs associated with pension benefits are measured and reported. Implementation of GASB 68 results in significant differences on government-wide reporting.

**Governmental Activities**

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$8,142,632	\$6,800,321
Investments	\$1,855,385	\$1,567,091
Accounts Receivable	\$147,625	\$619,636
Prepaid Expenses	\$23,422	\$41,641
Total Current Assets	<u>\$10,169,064</u>	<u>\$9,028,689</u>
Fixed Assets, net of accumulated depreciation	\$3,154,228	\$3,159,390
<u>Other Assets</u>		
Note Receivable	\$51,638	\$51,638
Net Pension Obligation (Asset)	\$263,275	\$137,147
Deferred Outflows of Resources, Pensions	<u>\$186,032</u>	\$142,301
Deferred Outflows of Resources, OPEB	<u>\$43,370</u>	\$102,343
Total Assets and Deferred Outflows of Resources	<u>\$13,867,607</u>	<u>\$12,621,508</u>
<b>LIABILITIES</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$294,091	\$392,849
Accrued Payroll	\$18,511	\$18,328
Current Portion of Long-Term Debt	\$102,356	\$100,202
Total Current Liabilities	<u>\$414,958</u>	<u>\$511,379</u>
<u>Long-Term Liabilities</u>		
Net OPEB Liability	\$240,936	\$498,747
Long-term portion of debt	\$1,208,457	\$1,311,019
Total Long-Term Liabilities	<u>\$1,449,393</u>	<u>\$1,809,766</u>
Deferred Inflows of Resources, Pensions	\$296,346	\$136,492
Deferred Inflows of Resources, OPEB	<u>\$338,807</u>	<u>\$327,408</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$2,499,504</u>	<u>\$2,785,045</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$1,843,415	\$1,748,169
Restricted	\$287,876	\$494,843
Unrestricted	\$9,236,812	\$7,593,451
Total Net Position	<u>\$11,368,103</u>	<u>\$9,836,463</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$13,867,607</u>	<u>\$12,621,508</u>

## **Changes In Fund Balance**

For the year ended December 31, 2021, Fund Balance changed as follows:

	<u>Governmental Activities 2021</u>	
	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$258,027	\$145,509
Operating Grants & Contributions	683,049	848,917
Capital Grants & Contributions	-	-
<b>General Revenues</b>		
Earned Income Tax	1,285,831	1,420,924
Real Estate Tax	2,053,278	2,046,882
Other Taxes	728,253	734,300
Investment Income	329,332	270,790
Transfers	<u>13,425</u>	<u>(13,425)</u>
<b>Total Revenues</b>	<u>5,351,195</u>	<u>5,453,897</u>
<b>Expenses</b>		
General Government	966,608	1,275,170
Public Safety	1,457,521	1,452,851
Streets & Public Works	1,249,197	1,266,925
Culture & Recreation	<u>146,229</u>	<u>184,539</u>
<b>Total Expenses</b>	<u>3,819,555</u>	<u>4,179,485</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$1,531,640</u>	<u>\$1,274,412</u>

The increase in tax revenue is primarily due to the discount on taxes offered in 2020.

There was no rental income for 2020 or 2021. The decrease in revenue was due to higher bank balances in 2021 and a decrease in the interest rate for most of 2021 due to the COVID-19.

Program Revenues includes multiple state and local government sources. The decrease from 2020 to 2021 can be attributed to the PennDOT Green Light Go funded traffic signal upgrade project. The remaining revenue can be attributed to the DCNR Park Grant for Fairground Road, the American Rescue Plan Act Fund (ARPA), Public Utility Realty Tax (PURTA); Municipal Liquid Fuels funding decreasing 6.5%; and the Municipal Pension System State Aid, which was 2.3% lower than the amount received in 2020.

Investment Income is associated with the investments in the Other Post-Employment Benefits (OPEB) fund. This fund had a significant gain in 2021.

Charges for Services increased primarily as a result of Planning, Zoning, Subdivision and Land Development activities all due to the COVID-19 and the reimbursement from Bucknell University for the road work and paving done on Moore Avenue.

General Government expenses had a decrease, attorney's fees associated with the police IGA lawsuit filed by the Borough of Lewisburg in 2019. The most significant decrease was in the Administrative Staff the costs can be associated with wages being decreased and the 2021 tax collection was performed by the Union County Treasurer at a greatly reduced cost to the Township.



Public Safety increase due to an increase in contributions to the Buffalo Valley Regional Police Department in 2021; Planning, Zoning, Subdivision and Land Development increased due to project having to be put on hold because of COVID-19.

**Governmental Activities**

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the upcoming fiscal year ending December 31, 2022, the Township's budget is fairly consistent with this year. However, major infrastructure projects funding and expenditures will likely alter 2021 to 2022 variances for overall revenues and expenses.

**CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT**

This report is designed to provide citizens and taxpayers, customer, 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, contact the Township Manager, East Buffalo Township, 589 Fairground Road, Lewisburg, PA 17837, Telephone 570-523-6320.

East Buffalo Township  
STATEMENT OF NET POSITION  
December 31, 2021

	Governmental Activities	Total
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 8,142,632	\$ 8,142,632
Investments	1,855,385	1,855,385
Accounts Receivable	147,625	147,625
Prepaid Expenses	23,422	23,422
Total Current Assets	10,169,064	10,169,064
Fixed Assets, net of accumulated depreciation	3,154,228	3,154,228
Other Assets		
Note Receivable	51,638	51,638
Net Pension Obligation (Asset)	263,275	263,275
	314,913	314,913
Deferred Outflows of Resources, Pensions	186,032	186,032
Deferred Outflows of Resources, OPEB	43,370	43,370
	186,032	186,032
Total Assets and Deferred Outflows of Resources	\$ 13,867,607	\$ 13,867,607
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 294,091	\$ 294,091
Accrued Payroll	18,511	18,511
Current Portion of long-term debt	102,356	102,356
Total Current Liabilities	414,958	414,958
Long-Term Liabilities:		
Net OPEB Liability	240,936	240,936
Long-term portion of debt	1,208,457	1,208,457
Total Long-Term Liabilities	1,449,393	1,449,393
Deferred Inflows of Resources, Pensions	296,346	296,346
Deferred Inflows of Resources, OPEB	338,807	338,807
	296,346	296,346
Total Liabilities and Deferred Inflows of Resources	\$ 2,499,504	\$ 2,499,504
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 1,843,415	\$ 1,843,415
Restricted	287,876	287,876
Unrestricted	9,236,812	9,236,812
Total Net Position	\$ 11,368,103	\$ 11,368,103
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,867,607	\$ 13,867,607

See accompanying notes to the basic financial statements.

East Buffalo Township  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

Functions/Programs	Expenditures	Program Receipts			Net (Expenditures) Receipts and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<i>Primary Government:</i>						
Governmental activities:						
General Government	\$ 966,608	\$ 173,247	\$ 405,178	\$ -	(388,183)	\$ (388,183)
Public Safety	1,457,521	82,962	-	-	(1,374,559)	(1,374,559)
Streets and Public Works	1,249,197	1,818	277,871	-	(969,508)	(969,508)
Culture and Recreation	146,229	-	-	-	(146,229)	(146,229)
Total Governmental Activities	<u>3,819,555</u>	<u>258,027</u>	<u>683,049</u>	<u>-</u>	<u>(2,878,479)</u>	<u>(2,878,479)</u>
Total Primary Government	<u>\$ 3,819,555</u>	<u>\$ 258,027</u>	<u>\$ 683,049</u>	<u>\$ -</u>	<u>\$ (2,878,479)</u>	<u>\$ (2,878,479)</u>
General receipts:						
Taxes:						
Earned Income					1,285,831	1,285,831
Real Estate					2,053,278	2,053,278
Other Taxes					728,253	728,253
Investment Income					329,332	329,332
Transfers					13,425	13,425
Total General Receipts and Transfers					<u>4,410,119</u>	<u>4,410,119</u>
Change in Net Position					1,531,640	1,531,640
Net position - beginning					<u>9,836,463</u>	<u>9,836,463</u>
Net position - ending					<u>\$ 11,368,103</u>	<u>\$ 11,368,103</u>

See accompanying notes to the basic financial statements.

East Buffalo Township  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2021

	General Fund	Special Revenue	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,635,434	\$ 507,198	\$ 8,142,632
Investments	1,855,385	-	1,855,385
Accounts Receivable	139,468	8,157	147,625
Prepaid Expenses	23,422	-	23,422
Total Assets	<u>\$ 9,653,709</u>	<u>\$ 515,355</u>	<u>\$ 10,169,064</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 292,086	\$ 2,005	\$ 294,091
Accrued Payroll	18,511	-	18,511
Total Liabilities	<u>\$ 310,597</u>	<u>\$ 2,005</u>	<u>\$ 312,602</u>
<b>FUND BALANCES</b>			
Unreserved	\$ 9,343,112	\$ 225,474	\$ 9,568,586
Reserved	-	287,876	287,876
Total Fund Balances	<u>\$ 9,343,112</u>	<u>\$ 513,350</u>	<u>\$ 9,856,462</u>
Total Liabilities and Fund Balances	<u>\$ 9,653,709</u>	<u>\$ 515,355</u>	<u>\$ 10,169,064</u>

See accompanying notes to the basic financial statements.

East Buffalo Township  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2021

Total Fund Balances -- Governmental Funds	\$ 9,856,462
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 as assets in governmental funds. The cost of assets is \$5,264,437, and the accumulated depreciation is \$2,110,209.	3,154,228
Notes Receivable are not due and receivable in the current period, and therefore are not reported as assets in the funds. Notes Receivable had a balance at year end of:	51,638
Other Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Net pension obligation (asset)	263,275
Long-term portion of other post employment benefits are not due and payable in the current period and are not reported as liabilities in the funds	(240,936)
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Notes payable	(1,310,813)
Deferred outflows and inflows of resources are applicable to future periods and, therefore are not reported in the funds	
Deferred outflows of resources	229,402
Deferred inflows of resources	(635,153)
	\$ 11,368,103
Total Net Position - Governmental Activities	\$ 11,368,103

See accompanying notes to the basic financial statements.

East Buffalo Township  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Governmental Funds  
For the Year Ended December 31, 2021

	General Fund	Special Revenue	Total Governmental Funds
<u>Receipts</u>			
Taxes:			
- Real Estate	\$ 2,017,541	\$ -	\$ 2,017,541
- Fire	-	230,585	230,585
- Real Estate Transfer	285,703	-	285,703
- Earned Income	1,285,831	-	1,285,831
- LST	164,533	-	164,533
- Delinquent Real Estate	35,737	-	35,737
- Water	-	21,626	21,626
- Light	-	25,806	25,806
Licenses and Permits	42,087	-	42,087
Fines and Forfeits	3,661	-	3,661
Interest	36,927	4,112	41,039
Zoning	44,456	-	44,456
Recycling	1,818	-	1,818
Firemen's Association	-	38,506	38,506
Intergovernmental Revenues	405,178	277,871	683,049
Non-Revenue:			
- Other	88,485	-	88,485
- Sale of Fixed Assets	61,450	-	61,450
- Unrealized gain	288,293	-	288,293
Total Receipts	<u>4,761,700</u>	<u>598,506</u>	<u>5,360,206</u>
<u>Disbursements</u>			
General Government:			
- Legislative	50,794	-	50,794
- Executive	81,632	-	81,632
- Tax Collection	31,497	-	31,497
- Legal	44,668	-	44,668
- Secretary	51,340	-	51,340
- Engineering	46,621	-	46,621
- Building	47,676	-	47,676
Public Safety:			
- Police	1,238,575	-	1,238,575
- Fire	-	248,067	248,067
- Planning, zoning, emergency management	65,776	-	65,776
- Animal Officer	2,571	-	2,571
Public Works:			
- Streets	1,041,514	409,428	1,450,942
- Recycling	7,137	-	7,137
- Lights	-	33,045	33,045
- Sanitation	1,945	-	1,945
Culture - Recreation	144,959	78,288	223,247
Miscellaneous Expenditures:			
- Debt Principal	100,408	-	100,408
- Debt Interest	29,042	-	29,042
- Payroll Benefits	230,631	-	230,631
- Retirement Contribution	39,077	-	39,077
- Payroll Taxes	41,183	-	41,183
- Insurance	68,807	-	68,807
Total Disbursements	<u>3,365,853</u>	<u>768,828</u>	<u>4,134,681</u>
Excess (Deficit) of Receipts Over Disbursements	<u>1,395,847</u>	<u>(170,322)</u>	<u>1,225,525</u>
Other Financing Sources - Operating Transfers	<u>13,425</u>	<u>-</u>	<u>13,425</u>
Excess (Deficit) of Receipts Over Disbursements and Other Financing Sources	1,409,272	(170,322)	1,238,950
Fund Balance - January 1, 2021	7,933,840	683,672	8,617,512
Fund Balance - December 31, 2021	<u>\$ 9,343,112</u>	<u>\$ 513,350</u>	<u>\$ 9,856,462</u>

See accompanying notes to the basic financial statement.

East Buffalo Township  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2021

Total net change in fund balance - governmental funds \$ 1,238,950

Amounts reported for governmental activities in the statement of activities are different because:

Sales of fixed assets are recorded at gross sales on the governmental funds but are reported net of book value on statement of activities.

Sale of Fixed Assets	(61,450)	
Book Value of Assets at time of Sale	39,014	(22,436)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	(214,215)	
Capital Outlays	<u>231,489</u>	17,274

Repayment of loan principal, net of new principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 100,408

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension Contributions - governmental funds	37,260	
Cost of benefits earned, net of employee contributions	(27,255)	

Other post-employment benefit expense does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 187,439

197,444

Change in net position of governmental activities \$ 1,531,640

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

East Buffalo Township  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended December 31, 2021

	General Fund		
	Original and Final Budget	Actual	Variance
<u>Receipts</u>			
Taxes:			
- Real Estate	\$ 1,976,245	\$ 2,017,541	\$ 41,296
- Real Estate Transfer	205,000	285,703	80,703
- Earned Income	1,275,000	1,285,831	10,831
- LST	179,000	164,533	(14,467)
- Delinquent Real Estate	50,000	35,737	(14,263)
Licenses and Permits	43,995	42,087	(1,908)
Fines and Forfeits	5,000	3,661	(1,339)
Interest	36,000	36,927	927
Zoning	50,000	44,456	(5,544)
Recycling	1,500	1,818	318
Intergovernmental Revenues	81,896	405,178	323,282
Miscellaneous Revenue:			
- Sale of Fixed Assets	20,000	61,450	41,450
- Unrealized Gain	-	288,293	288,293
- General Miscellaneous	9,804	88,485	78,681
	<u>3,933,440</u>	<u>4,761,700</u>	<u>828,260</u>
<u>Disbursements</u>			
General Government:			
- Legislative	200,035	50,794	(149,241)
- Executive	91,675	81,632	(10,043)
- Tax Collection	32,215	31,497	(718)
- Legal	60,000	44,668	(15,332)
- Secretary	82,704	51,340	(31,364)
- Engineering	30,000	46,621	16,621
- Building	67,190	47,676	(19,514)
Public Safety:			
- Police	1,248,799	1,238,575	(10,224)
- Planning, Zoning, Emergency Management	64,515	65,776	1,261
- Animal Officer	3,598	2,571	(1,027)
Health & Welfare	-	-	-
Public Works - Streets			
- Streets	1,521,180	1,041,514	(479,666)
- Recycling	20,000	7,137	(12,863)
- Sanitation	2,000	1,945	(55)
Culture - Recreation	153,133	144,959	(8,174)
Miscellaneous Expenditures:			
- Debt Principal	100,202	100,408	206
- Debt Interest	29,248	29,042	(206)
- Payroll Benefits and Taxes	343,796	310,891	(32,905)
- Insurance	74,527	68,807	(5,720)
	<u>4,124,817</u>	<u>3,365,853</u>	<u>(758,964)</u>
Excess (Deficiency) of Receipts over Disbursements	(191,377)	1,395,847	1,587,224
Other Financing Sources - Operating Transfers out	-	13,425	13,425
Excess of Disbursements over Receipts and Other Financing Sources	\$ (191,377)	\$ 1,409,272	\$ 1,600,649
Fund Balance - January 1, 2021		<u>7,933,840</u>	
Fund Balance - December 31, 2021		<u>\$ 9,343,112</u>	

See accompanying notes to the basic financial statements.



East Buffalo Township  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
December 31, 2021

	<u>Pension Fund</u>
<u>Assets</u>	
Cash	\$ 1,350
Investments	<u>1,748,840</u>
Total Assets	<u>\$ 1,750,190</u>
<u>Net Position</u>	
Net Position (restricted)	<u>\$ 1,750,190</u>
Total Net Position	<u>\$ 1,750,190</u>

See accompanying notes to the basic financial statements.

East Buffalo Township  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
December 31, 2021

	Pension Fund
<u>Receipts</u>	
Interest	\$ 41
Securities Appreciation	289,485
Total Receipts	289,526
 <u>Disbursements</u>	
Pension Benefits	53,701
Total Disbursements	53,701
Excess (Deficiency) of Receipts over Disbursements	235,825
Other Financing Uses	
Operating Transfers	(13,425)
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	222,400
Net Position - January 1, 2021	1,527,790
Net Position - December 31, 2021	\$ 1,750,190

See accompanying notes to the basic financial statements.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

The East Buffalo Township was incorporated in 1836. The Township provides the following services: Police protection; maintenance and repair of roads and bridges; and general administrative service.

The financial statements of East Buffalo Township have been prepared in accordance with 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 more significant of these accounting policies are as follows:

A. *Reporting Entity*

In evaluating the township as a reporting entity, management has addressed all potential units which may or may not fall within the township's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the township's reporting entity are financial accountability and the nature and significance of the relationship. The township is not a component unit of another reporting entity, nor does it have any component units.

B. *Fund Accounting*

The accounts of the township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

C. *Basis of Presentation*

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the township. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements from business-type activities, which rely, to a significant extent on fees and charges for support.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the township's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and proprietary funds of the township.

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. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The township does not have any proprietary funds.

The Township reports the following major governmental funds:

The general fund is the township's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

D. *Budgetary Data*

Formal budgets are employed as a management control for selected funds of the township. Annual operating budgets are adopted each fiscal year for the General Fund and Special Revenue Fund. The same basis of accounting is used to prepare budgets and the actual statements of receipts and disbursements.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

*E. Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the township as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Capital Assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Vehicles	5
Equipment	10

*F. Use of Estimates*

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

*G. GASB Statement No.68*

The Township adopted Statement of Governmental Accounting Standards (GASB Statement) No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" in the year ended December 31, 2015. The Township also adopted the provisions of GASB Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68".

*H. GASB Statement No. 75*

The Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" for the year ended December 31, 2018.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

*I. Subsequent Events*

Management has evaluated subsequent events through October 13, 2022, the date on which the financial statements were available to be issued.

Note 2 - Explanation of Certain Differences between Governmental Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

*Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities*

- a. Capital related differences include non-facility related fixed asset purchased recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.
- b. Debt related differences include long term debt principal payments recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and recording of a decrease of long-term payable in the statement of net position.

Note 3 - Cash  
Custodial Credit Risk – Deposits

The table presented below is designed to disclose the level of custodial credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at December 31, 2021. The categories of custodial credit risk are defined as follows:

*Category 1* -- Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Township (or public trust) or by its agent in its name.

*Category 2* - Uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the Township's name.

*Category 3* - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Township's name; or properly collateralized with no written and approved collateral agreement.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 3 - Cash (Continued)  
Custodial Credit Risk – Deposits (Continued)

Primary Government

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total Carrying Value</u>
Insured deposits	\$ 250,000	\$250,000	\$ -0-	\$-0-	\$ 250,000
Uninsured deposits:					
Collateralized	7,917,003	-0-	7,917,003	-0-	\$7,893,982
Uncollateralized	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Deposits	<u>\$8,167,003</u>	<u>\$250,000</u>	<u>\$7,917,003</u>	\$-0-	<u>\$8,143,982</u>

Reconciliation to Statement of Net Position and Fiduciary Fund:

Cash and cash equivalents	\$8,143,982
Outstanding checks	<u>23,021</u>
Total Bank Balance	<u>\$8,167,003</u>

Note 4 - Property Taxes – Real Estate

Property taxes, which are 3.7 mills, fire protection .45 mills, street light .05 mills and fire hydrant .06 mills, are billed on March 1 and are payable under the following terms: 2% discount February 1 through March 31; face amount April 1 through May 31, and a 10% penalty on June 1. The Township employs an elected tax collector to collect the property tax levied. Tax collectors remit Township tax collections at least monthly and are paid \$3.50 per tax bill issued. Tax revenues are recognized when received rather than when taxes are billed.

Note 5 - Postemployment Benefits Other Than Pensions

*Plan Description:*

The East Buffalo Township Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare insurance plan administered by the Township Supervisors. All employees are eligible to participate in the Plan. Inasmuch as the Plan has no assets, reporting any other employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

*Eligibility for Benefits:*

Non-Uniformed: Non-Uniformed employees hired on or before November 30, 2013 are eligible for coverage upon retirement after attainment of age 65 with either 20 years of continuous service or continuous service from April 25, 2007 to the date of attainment of age 65.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

Uniformed: Uniformed employees hired on or before January 1, 2011 will be eligible for coverage upon retirement after attainment of age 50 with 25 years of continuous service or attainment of age 65 with continuous service from August 8, 2011 to the date of attainment of age 65.

*Benefits:*

The Plan provides postemployment healthcare insurance benefits to Non-Uniformed and Uniformed employees of the Township as follows:

Non-Uniformed: Eligible employees may receive medical, prescription drug, dental, and vision benefits currently provided to active non-uniformed employees. Benefits are available to the retiree and spouse. The Township shall pay 100% of the premiums. Upon the death of a retired employee, the surviving spouse can continue equal coverage as if the employee had not died. Upon attainment of age 65, the retiree and/or spouse must enroll in a Medicare supplement plan to continue coverage.

Uniformed: Eligible employees may receive medical, prescription drug, dental, and vision benefits currently provided to active uniformed employees. For an employee who attains age 50 with 25 years of service, coverage discontinues after 15 years. For an employee who attains age 65 with continuous service from August 8, 2011 to the date of attainment of age 65, but does not reach 25 years of service, coverage discontinues after 5 years. Benefits are available to the retiree and spouse. The Township shall pay 100% of the premiums. Upon the death of a retired employee, the surviving spouse can continue equal coverage as if the employee had not died. Upon attainment of age 65, the retiree and/or spouse must enroll in a Medicare supplement plan to continue coverage.

*Plan Membership:*

At January 1, 2020, the Plan's membership consisted of the following:

	<u>Non-Uniformed</u>	<u>Uniformed</u>
Active Participants	5	4
Retired Participants	<u>5</u>	<u>5</u>
Total	10	9

Total OPEB Liability, OPEB Expense, Assumptions, Sensitivity, Deferred Inflows and Outflows of Resources Related to OPEB

*Actuarial Assumptions and Other Inputs:*

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Discount Rate**

7.50%. The long-term expected rate of return on OPEB plan investments is 7.50% and the municipal bond rate is 1.93% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.



East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

*Actuarial Assumptions and Other Inputs:* (Continued)

**Salary**

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.50% for Uniformed and 5.00% for Non-Uniformed.

**Retiree Contributions**

There are no retiree contributions.

**Health Care Cost Trend Rate**

5.5% in 2021. 6.5% in 2022, decreasing by 0.5% each year until 2024. Rates gradually decrease from 5.5% in 2024-2025 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Cost Method- Entry Age Method**

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**Participant Data**

Based on census information as of January 1, 2020.

**Mortality**

Non-Uniformed: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors.

Uniformed: PubS-2010 mortality table, including rates for disabled retirees and contingent survivors.

Incorporated into the tables are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

For the year ended December 31, 2021, the Township recognized the following OPEB Expense:

	Non-Uniformed	Uniformed	Total
<b><u>OPEB Expense</u></b>			
Service Cost	\$ 10,948	\$ 14,563	\$ 25,511
Interest on Total OPEB Liability	57,966	92,909	150,875
Expected Investment Income	(44,367)	(73,165)	(117,532)
Amortization of Deferred Outflows	32,664	27,398	60,062
Amortization of Deferred Inflows	(88,927)	(70,436)	(159,363)
<b>Total OPEB Expense</b>	<b>\$ (31,716)</b>	<b>\$ (8,731)</b>	<b>\$ 40,447</b>

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

**Changes in Net Pension Liability**

The following table shows the changes in the Non-Uniformed net pension liability as of the measurement date of January 1, 2020:

	Non-Uniformed	Uniformed	Total
<b><u>Total OPEB Liability</u></b>			
<b>Balances at 12/31/2020</b>	\$779,832	\$1,286,006	\$2,065,838
Service Cost	10,948	14,563	25,511
Interest	57,966	92,909	150,875
Changes in Benefit Terms	-	-	-
Changes of Assumptions	(12,683)	13,872	1,189
Differences between expected and actual experience	-	-	-
Benefit Payments	(33,050)	(114,042)	(147,092)
<b>Balances at 12/31/2021</b>	<b>\$803,013</b>	<b>\$1,293,308</b>	<b>\$2,096,321</b>
 <b><u>Plan Fiduciary Net Position</u></b>			
<b>Balances at 12/31/2020</b>	\$591,560	\$975,531	\$1,567,091
Contributions-Employer	33,050	114,042	147,092
Contributions- Employee	-	-	-
Net Investment Income	119,160	169,134	288,294
Benefit Payments	(33,050)	(114,042)	(147,092)
Administrative Expense	-	-	-
<b>Balances at 12/31/2021</b>	<b>\$710,720</b>	<b>\$1,144,665</b>	<b>\$1,855,385</b>
 <b>Net OPEB Liability</b>	<b>\$92,293</b>	<b>\$148,643</b>	<b>\$240,936</b>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.*

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower or 1-percentage higher than the current healthcare cost trend rates:

	Non-Uniformed	Uniformed	Total
<b><u>Net OPEB Liability</u></b>			
1% Increase	\$214,327	\$261,234	\$475,561
Current Rates	92,293	148,643	240,936
1% Decrease	(9,056)	46,782	37,726

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.*

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage higher (8.5%) than the current discount rate:

<u>Net OPEB Liability</u>	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
1% Increase (8.50%)	\$12,576	\$79,836	\$92,412
Current Discount Rate (7.50%)	92,293	148,643	240,936
1% Decrease (6.50%)	186,576	223,650	410,226

For the year ended December 31, 2021, the Township reported deferred outflows and inflows of resources related to OPEB as follows:

<u>Deferred Outflows of Resources</u>	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
Difference between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	12,046	9,017	21,063
Net Difference between Projected and Actual Earnings	<u>3,307</u>	<u>19,000</u>	<u>22,307</u>
<b>Total Deferred Outflows</b>	<b><u>\$15,353</u></b>	<b><u>\$28,017</u></b>	<b><u>\$43,370</u></b>

<u>Deferred Inflows of Resources</u>	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
Difference between Expected and Actual Experience	\$ 48,979	\$ 21,487	\$ 70,466
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	<u>114,085</u>	<u>154,256</u>	<u>268,341</u>
<b>Total Deferred Inflows</b>	<b><u>\$163,064</u></b>	<b><u>\$175,743</u></b>	<b><u>\$338,807</u></b>

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

Year Ended -			
December 31, 2022	\$ (69,346)	\$ (47,043)	\$ (116,389)
December 31, 2023	(44,175)	(44,325)	(88,500)
December 31, 2024	(19,233)	(37,161)	(56,394)
December 31, 2025	(14,957)	(19,197)	(34,154)
December 31, 2026	-	-	-
Thereafter	-	-	-

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans

The East Buffalo Township Non-Uniformed Employee Pension Plan is a single-employer defined benefit pension plan. All full-time employees, hired on or before December 31, 2014, working 35 hours per week are entitled to the Township Pension Plan. The non-uniformed pension is administered by West Milton State Bank.

The following disclosures are provided from the most recent actuarial reports dated January 1, 2021, supplied to the Township by Conrad Siegel Actuaries.

A. Summary of Actuarial Data as of January 1, 2021:

1.	Actuarial present value of future benefits:	\$1,793,982
2.	Actuarial present value of future normal cost:	\$ 351,220
3.	Actuarial accrued liability (Item 1-2):	\$1,442,762
4.	Actuarial value of assets:	\$1,424,096
5.	Unfunded Actuarial Accrued Liability (Item 3-4): (Actuarial value of assets in excess of actuarial accrued liability).	\$ 18,666
6.	Normal cost (employer and employee), excluding administrative expenses:	\$ 25,077
7.	Normal cost as a percentage of annual covered payroll:	6.8%
8.	Annual covered payroll:	\$ 369,049
9.	Average administrative expenses:	\$ 122
10.	Actual or estimated member contributions:	\$ -0-
11.	Net assets available for benefits (market value):	\$1,514,363

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans (Continued)

B. Presentation of Benefit Plan Provisions

1. Normal Retirement Age: Prior to July 1, 1987, eligible at age 65 or 5 year after entering Plan. After July 1, 1987, eligible at age 65 with 20 years of service.
2. Early Retirement: Age 55 with 10 years of service.
3. Vesting: Vest after 3 years of service.
4. Retirement Benefit:
 

Monthly benefit equals 0.5% of average monthly pay, times the number of years of service. Minimum monthly pension benefit of \$400. Average monthly pay is equal to highest consecutive 3 calendar years of pay out of the last 5 years of pay before retirement.
5. Survivor Benefit:
 

If hired prior to July 1, 1987, payments during surviving spouse's lifetime equal to 100% of initial amount payable to participant. If hired after July 1, 1987, spouse's benefit equals 50% of the initial amount.
6. Member Contributions: none

C. Other Disclosures:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial		Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a % of Covered Payroll (3)/(5)
		Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)			
01/01/11	\$696,690	\$633,180	\$(63,510)	110.0%	\$ 446,273	(14.2)%
01/01/13	909,795	704,535	(205,260)	129.1%	526,340	(39.0)%
01/01/15	1,155,355	803,376	(351,979)	143.8%	529,335	(66.5)%
01/01/17	1,188,540	1,093,851	(94,689)	108.7%	485,828	(19.5)%
01/01/19	1,211,662	1,254,986	43,324	96.5%	507,986	8.5%
01/01/21	1,514,363	1,442,762	(71,601)	105.0%	369,049	(19.4)%

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans (Continued)

The Township also is responsible for pension benefits for the police coverage they receive through the Buffalo Valley Regional Police Department. This is a joint agreement with the Borough of Lewisburg.

The remainder of the pension plans note disclosure relates to the reporting requirements under Government Accounting Standards Board Statement 68.

Plan Membership

The plan covers all full time employees of the Township who complete 35 hours per week. As of December 31, 2021, pension plan membership consisted of the following:

Active employees	9
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	<u>5</u>
Total	<u>20</u>

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2021, the components of the net pension liability for the plan was as follows:

Total Pension Liability	\$ 1,486,187
Plan Fiduciary Net Position	<u>(1,749,462)</u>
Net Pension Liability/(Asset)	<u>\$ (263,275)</u>

The Plan's Fiduciary Net Position has been determined on the same basis as that used by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting.

Plan fiduciary net position as a percentage of the total pension liability is 117.7%

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans (Continued)

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2021.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
<b>Balances at 12/31/2020</b>	\$1,377,216	\$1,514,363	\$(137,147)
<b>Changes for the year:</b>			
Service Cost	25,077	-	25,077
Interest Cost	72,049	-	72,049
Changes in Benefit Terms	-	-	-
Changes for Experience	(90,062)	-	(90,062)
Changes of Assumptions	155,608	-	155,608
Contributions – Employer	-	37,260	(37,260)
Contributions – Member	-	-	-
Net Investment Income	-	251,540	(251,540)
Benefit Payments	(53,701)	(53,701)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
<b>Balances at 12/31/2021</b>	\$1,486,187	\$1,749,462	\$ (263,275)

For the year ended December 31, 2021, the Township recognized pension expense of \$27,255 for the Pension Plan. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -0-	\$ 81,420
Changes in assumptions	158,085	-0-
Net difference between projected and actual investment earnings	<u>27,947</u>	<u>214,926</u>
	<u>\$ 186,032</u>	<u>\$ 296,346</u>

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans (Continued)

Under GASB 68, deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ended December 31:	
2022	\$ 20,214
2023	48,159
2024	19,802
2025	22,139
2026	-0-
Thereafter	-0-

Actuarial Assumptions

An actuarial valuation of the net pension liability is performed biennially. The net pension liabilities as of December 31, 2021 were determined as part of the actuarial valuations at January 1, 2021. Update procedures were used to roll forward January 1, 2021 liabilities to the plan year ending December 31, 2021.

A summary of the key assumptions and methods used to determine the contributions rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Asset Valuation Method	Market value of assets as determined by the trustee.
Discount Rate	5.00%
Inflation	3.0%
Salary increases	5.00%
COLA increases	5.0%
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.



East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 6 - Pension Plans (Continued)

Investment Policy Summary

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class.

The following summarizes the long-term expected rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	66%	5.50% - 7.50%
Fixed Income	33%	1.00% - 3.00%
Cash	1%	0.00% - 1.00%
Total Portfolio	<u>100%</u>	

Long-Term Expected Rate of Return (including inflation) – 5.00%

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. 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.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 5.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease <u>4.00%</u>	Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Net Pension Liability/(Asset)	\$ (77,017)	\$(263,275)	\$(419,350)

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 7 - Leases

The Township leases land for the purpose of composting brush, leaf, and yard waste. The lease period is from January 1, 2013 until December 31, 2015 with an automatic five year renewal option. Annual payment of \$1,850 is due by April 1 each year. A new lease went into effect in 2020 that increases the annual rent to \$2,500 until 2023 with automatic 3 year renewals.

Future minimum lease payments required under operating leases are as follows:

2022	\$2,500
2023	\$2,500
2024	\$2,500
2025	\$2,500
2026	\$2,500

Note 8 - Notes Payable

Notes payable consist of the following:

	<u>Governmental Activities</u>
Note payable to Susquehanna Community Bank with An original amount of \$1,836,184 and an interest Rate of 2.10%. The monthly payment amount is \$10,787.47.	<u>\$1,310,813</u>
	<u>\$ 1,310,813</u>

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 8 - Notes Payable (Continued)

The principal and interest maturities of the notes payable are as follows:

Year ending December 31,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	102,356	27,094
2023	104,557	24,893
2024	106,740	22,710
2025	109,100	20,350
2026	111,446	18,004
2027-2031	594,176	53,072
2032-2036	182,438	3,242

Changes in Long-Term Debt:

<u>Description</u>	<u>Amount Outstanding 1/1/21</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding 12/31/21</u>	<u>Due Within One Year</u>
West Milton State Bank	<u>1,411,221</u>	<u>-0-</u>	<u>100,408</u>	<u>1,310,813</u>	<u>102,356</u>
Total	<u>\$ 1,411,221</u>	<u>\$ -0-</u>	<u>\$ 100,408</u>	<u>\$ 1,310,813</u>	<u>\$ 102,356</u>

Note 9 - Restricted Net Position

As of December 31, 2021, there were \$287,876 in restricted net position which consisted of assets held in the Highway Aid Fund and the DCNR Fairground grant.

Note 10 - Investments

The organization follows the Codification's guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Fair Value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. generally accepted accounting principles (US GAAP) establish the framework for measuring fair value.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 10 - Investments (Continued)

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs have the highest reliability and are related to quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs relate to assets or liabilities with other than quote prices included within Level 1 that are observable for the asset or liability; either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments at December 31, 2021 consist of fixed income and equity securities which are classified as Level 1 under the Fair Value Hierarchy (Level 1 inputs are quoted prices for identical assets in active markets) and are summarized as follows:

	Level 1	Fair Value Level 2	Level 3
Mutual Funds	\$ 3,604,225	\$ -	\$ -
Total	<u>\$ 3,604,225</u>	<u>\$ -</u>	<u>\$ -</u>
Total Carrying Value			
Governmental Funds	\$1,855,385		
Fiduciary Funds	<u>1,748,840</u>		
	<u>\$ 3,604,225</u>		

The cost of the securities was not available as of the date of the audit report.

Note 11 - Related Parties

The Township entered into related party transactions with the Buffalo Valley Regional Police Department during 2021. These parties are related due to board members of the Township also serving on the board of the Police Department. The Township paid the Department for police services during 2021, passed through funds received for fines/violations to the Department and also reimbursed the Department for health insurance of retired officers. During 2021, East Buffalo Township paid \$1,225,579 to the Department and has payables of \$102,050 due to them.

East Buffalo Township  
Notes to Financial Statements  
December 31, 2021  
(Continued)

Note 12 - Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital Assets, Not Being Deprec.				
Land	\$419,000	\$ -0-	\$ -0-	\$419,000
Construction in Progress	<u>-0-</u>	<u>43,388</u>	<u>-0-</u>	<u>43,388</u>
Total Capital Assets Not Being Depreciated	<u>\$419,000</u>	<u>\$43,388</u>	<u>\$ -0-</u>	<u>\$462,388</u>
<i>Governmental Activities</i>				
Capital Assets, Being Deprec.				
Buildings	\$2,887,936	\$ 34,200	\$ -0-	\$2,922,136
Vehicles	836,222	138,051	-0-	974,273
Equipment	<u>943,506</u>	<u>15,850</u>	<u>53,716</u>	<u>905,640</u>
Total Assets Being Deprec.	<u>\$4,667,664</u>	<u>\$188,101</u>	<u>\$ -0-</u>	<u>\$4,802,049</u>
Less Accumulated Deprec. for:				
Buildings	\$ 680,565	\$ 96,834	\$ -0-	\$777,399
Vehicles	672,151	51,877	-0-	724,028
Equipment	<u>574,558</u>	<u>65,504</u>	<u>31,280</u>	<u>608,782</u>
Total Accumulated Deprec.	<u>\$1,927,274</u>	<u>\$214,215</u>	<u>\$31,280</u>	<u>\$2,110,209</u>
Total Capital Assets, Being Depreciated, Net	<u>\$2,740,390</u>	<u>\$ (26,114)</u>	<u>\$ 22,436</u>	<u>\$2,691,840</u>

Depreciation expense for the year ending December 31, 2021 is \$214,215.

Note 13 - Notes Receivable

During 2016, the Township loaned \$86,064 to the Buffalo Valley Recreation Authority to help them pay off their Pennvest loan. The note is a 10 year loan and is non-interest bearing. Monthly principal payments are \$717.20. The balance of the loan as of December 31, 2021 is \$51,638.

The principal maturities of the note receivable is as follows:

<u>Governmental Activities</u>	
Year ending December 31,	
	<u>Principal</u>
2022	8,606
2023	8,606
2024	8,606
2025	8,606
2026	8,606
2027-2031	8,608
	-35-

East Buffalo Township  
Required Supplementary Information  
Schedule of Changes in Net Pension Liability  
December 31, 2021

Last 10 Measurement Years (if available)\*

	Measurement Year Ending 12/31/2021	Measurement Year Ending 12/31/2020	Measurement Year Ending 12/31/2019	Measurement Year Ending 12/31/2018	Measurement Year Ending 12/31/2017	Measurement Year Ending 12/31/2016
<b>Total Pension Liability</b>						
Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service cost (beginning of year)	25,077	35,333	33,650	31,351	29,858	20,239
Interest (includes interest on service cost)	72,049	79,436	75,827	69,558	66,232	64,500
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(90,062)	-	(18,739)	-	(19,938)	-
Changes of assumptions	155,608	-	67,199	-	208,031	-
Transfers	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(53,701)	(52,310)	(49,706)	(44,648)	(39,676)	(37,496)
<b>Net change in total pension liability</b>	<b>108,971</b>	<b>62,459</b>	<b>108,231</b>	<b>56,261</b>	<b>244,507</b>	<b>47,243</b>
<b>Total Pension Liability - beginning</b>	<b>1,377,216</b>	<b>1,314,757</b>	<b>1,206,526</b>	<b>1,150,265</b>	<b>905,758</b>	<b>858,515</b>
<b>Total Pension Liability - ending</b>	<b>\$ 1,486,187</b>	<b>\$ 1,377,216</b>	<b>\$ 1,314,757</b>	<b>\$ 1,206,526</b>	<b>\$ 1,150,265</b>	<b>\$ 905,758</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 37,260	\$ 38,123	\$ 39,212	\$ 40,590	\$ -	\$ -
Contributions - member	-	-	-	-	-	-
Investment income	251,540	113,199	214,183	(63,130)	129,986	107,400
Transfers	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(53,701)	(52,310)	(49,706)	(44,648)	(39,676)	(37,496)
Administrative expense	-	-	-	-	-	-
Additional Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>235,099</b>	<b>99,012</b>	<b>203,689</b>	<b>(67,188)</b>	<b>90,310</b>	<b>69,904</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,514,363</b>	<b>1,415,351</b>	<b>1,211,662</b>	<b>1,278,850</b>	<b>1,188,540</b>	<b>1,118,636</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,749,462</b>	<b>\$ 1,514,363</b>	<b>\$ 1,415,351</b>	<b>\$ 1,211,662</b>	<b>\$ 1,278,850</b>	<b>\$ 1,188,540</b>
<b>Net pension liability/(asset) - ending</b>	<b>\$ (263,275)</b>	<b>\$ (137,147)</b>	<b>\$ (100,594)</b>	<b>\$ (5,136)</b>	<b>\$ (128,585)</b>	<b>\$ (282,782)</b>
Plan fiduciary net position as a percentage of the total pension liability	117.7%	110.0%	107.7%	100.4%	111.2%	131.2%
Covered-employee payroll	\$ 428,852	\$ 369,049	\$ 386,572	\$ 494,951	\$ 412,496	\$ 485,828
Net pension liability as a percentage of covered-employee payroll	-61.39%	-37.16%	-26.02%	-1.04%	-31.17%	-58.21%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

See accompanying notes to financial statements which are  
an integral part of this statement.

East Buffalo Township  
Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2021

Last 10 Measurement Years (if available)\*

	<u>Measurement Year Ending 12/31/2021</u>	<u>Measurement Year Ending 12/31/2020</u>	<u>Measurement Year Ending 12/31/2019</u>	<u>Measurement Year Ending 12/31/2018</u>	<u>Measurement Year Ending 12/31/2017</u>	<u>Measurement Year Ending 12/31/2016</u>
Actuarially Determined Contribution	\$ 32,931	\$ 29,155	\$ 18,254	\$ 22,836	\$ -	\$ -
Contributions in relation to the Actuarially Determined Contribution**	<u>37,260</u>	<u>38,123</u>	<u>39,212</u>	<u>40,590</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/ (Excess)	<u>\$ (4,329)</u>	<u>\$ (8,968)</u>	<u>\$ (20,958)</u>	<u>\$ (17,754)</u>	<u>\$ -</u>	<u>\$ -</u>
Participant Payroll ***	\$ 428,852	\$ 369,049	\$ 386,572	\$ 494,951	\$ 412,496	\$ 485,828
Contributions as a Percentage of Covered-Employee Payroll	8.69%	10.33%	10.14%	8.20%	0.00%	0.00%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

**Notes to the Schedule:**

Valuation Date: Actuarially determined contribution rates are calculated biennially. Therefore, the Actuarially Determined Contribution for calendar year 2021 is based upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2021 contribution rates:

- Actuarial Cost Method- Entry Age Normal
- Amortization Method: Level dollar closed
- Asset valuation method: Market value of assets as determined by the trustee
- Discount Rate: 6.00%
- Inflation: 3.0%
- Salary increases: 5.00%
- COLA increases: 5.0%
- Mortality: PubG-2010 mortality table

See accompanying notes to financial statements which are an integral part of this statement.

Members of American and Pennsylvania Institute of Certified Public Accountants

• • •

**41 South Fifth Street, Sunbury, Pennsylvania 17801**  
**700 Bloom Road, Suite 101, Danville, Pennsylvania 17821**

**Phone: 570.286.5895 • Fax: 570.286.5976**

To the Township Supervisors  
East Buffalo Township  
Lewisburg, Pennsylvania

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Buffalo Township as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered East Buffalo Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Buffalo Township's internal control. Accordingly, we do not express an opinion on the effectiveness of East Buffalo Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, township supervisors, others within East Buffalo Township, and is not intended to be, and should not be, used by anyone other than these specified parties.



October 13, 2022





**41 South Fifth Street, Sunbury, Pennsylvania 17801**  
**700 Bloom Road, Suite 101, Danville, Pennsylvania 17821**

**Phone: 570.286.5895 • Fax: 570.286.5976**

October 13, 2022

To the Township Supervisors  
East Buffalo Township

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Buffalo Township for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by East Buffalo Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by East Buffalo Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township's financial statements were:

Management's estimate of the other post-employment benefits, net pension obligation, deferred outflows of resources and deferred inflows of resources is based on the actuarial valuation report from Conrad Siegel Actuaries and depreciation is based on the estimated useful lives of assets. The accounts receivable and accounts payable are based on amounts expected to be collected and paid after year-end. We evaluated the key factors and assumptions used to develop the other post-employment benefits, net pension obligation, deferred outflows of resources and deferred inflows of resources, depreciation accounts receivable and accounts payable in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 13, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to East Buffalo Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as East Buffalo Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and the schedule of employer's contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the information and use of Township Supervisors and management of East Buffalo Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Seth M Heintzelman, CPA



**41 South Fifth Street, Sunbury, Pennsylvania 17801**  
**700 Bloom Road, Suite 101, Danville, Pennsylvania 17821**  
**Phone: 570.286.5895 • Fax: 570.286.5976**

October 13, 2022

East Buffalo Township Supervisors  
East Buffalo Township  
589 Fairground Road  
Lewisburg, PA 17837

In connection with our audit of the financial statements of East Buffalo Township, Lewisburg, Pennsylvania, for the year ended December 31, 2021, we are submitting for your consideration the accompanying recommendations designed to help you improve internal accounting controls and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to management.

Since the comments and observations contained in this report are a by-product of the audit of financial statements, the cost justification and other aspects of our suggestions have not been fully evaluated; these evaluations should be made by management. Therefore, we recognize that, after consideration, certain suggestions and recommendations may not be practical to implement.

Our comments deal exclusively with operational, accounting and recordkeeping functions, but do not reflect on the integrity or capabilities of anyone in your organization. Also, our comments have been restricted to weaknesses noted and suggested means of improvement and are not intended as a commentary on the various favorable aspects of the Township's procedures.

1. Accounting Manual

The organization has no accounting manual which documents the policies and procedures involved with the various accounting functions.

Recommendation:

We recommend you consider developing an accounting policy/procedure manual. Specific areas to be documented are procedures covering:

- 1) Cash
- 2) Investments
- 3) Billing and collection
- 4) Fixed asset acquisition, disposal, recordkeeping and inventory
- 5) Cash disbursements
- 6) Payroll
- 7) General ledger

2. Risk Assessment Policy

Currently, the Township does not have a policy in place which requires the performance of risk assessment procedures.

Recommendation:

We recommend that the Township implement a risk assessment policy. Some factors to consider would include identifying operating risks relevant to financial reporting, identifying a method for estimating the significance of risks, a method of assessing the likelihood that identified risks could occur and deciding what actions the Township will take to manage the risks.

If you should have any questions on the above, or need assistance in implementing any of our recommendations, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hering, Roll & Solomon".

Seth M Heintzelman, CPA

East Buffalo Township  
Lewisburg, PA  
Summary Financial Report  
Year Ended December 31, 2021

General Fund:

Balance - January 1, 2021	\$ 7,933,840
Receipts	<u>4,761,700</u>
Subtotal	12,695,540
Disbursements	<u>(3,352,428)</u>
Balance - December 31, 2021	<u><u>\$ 9,343,112</u></u>

Special Revenue Fund:

Balance - January 1, 2021	\$ 683,672
Receipts	<u>598,506</u>
Subtotal	1,282,178
Disbursements	<u>(768,828)</u>
Balance - December 31, 2021	<u><u>\$ 513,350</u></u>

Pension Fund:

Balance - January 1, 2021	\$ 1,527,790
Receipts	<u>276,101</u>
Subtotal	1,803,891
Disbursements	<u>(53,701)</u>
Balance - December 31, 2021	<u><u>\$ 1,750,190</u></u>

A complete copy of the Township audit report is available  
for inspection at the Township offices.