EAST BUFFALO TOWNSHIP

FINANCIAL STATEMENTS
FOR THE YEAR ENDING
DECEMBER 31, 2019

East Buffalo Township

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INDEPENDENT AUDITOR'S REPORT

To the Township Supervisors
East Buffalo Township

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the East Buffalo Township, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township, as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and the schedule of employer's contributions on pages 3-7, 14, 36 and 37 be presented to supplement the basic financial statements. Such information, 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 inquires 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.

August 26, 2020

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, 2019. 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 2018 and 2019, each using the accrual basis of accounting.

For historical reference, the reader should note that prior to the 2018 fiscal year audit, the Township used a modified cash basis of accounting. The 2018 financial statement included in this presentation for comparison notes impacts of the transition from modified cash to accrual (e.g., unrealized loss).

FINANCIAL HIGHLIGHTS

The Township's 2019 receipts increased 8%, while expenses increased 11%; providing for total revenues to exceed total expenses for the 2019 fiscal year and the fund balance increasing by 17%.

The Township's General Fund increased 13.7% during 2019. 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 increased 16.6%.

Total Current Assets increased 10.6%. Total Assets and Deferred Outflows of Resources increased 7.2%. Total Liabilities and Deferred Inflows of Resources decreased 12.1%. The Township's Net Position increased 17.1%. The Total Net Position includes $205,215 of restricted funds, a decrease of 10.4%. 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 2019.

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

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	$6,214,002	$5,955,867
Investments	$1,354,300	$1,108,405
Accounts Receivable	$276,146	$29,457
Prepaid Expenses	$39,383	$37,351
Total Current Assets	$7,883,831	$7,131,080
Fixed Assets, net of accumulated depreciation	$3,279,900	$3,325,898
Other Assets		
Note Receivable	60,244	$68,851
Net Pension Obligation (Asset)	$100,594	$5,136
Deferred Outflows of Resources, Pensions	$223,055	$255,308
Deferred Outflows of Resources, OPEB	$161,911	$140,502
Total Assets and Deferred Outflows of Resources	$11,709,535	$10,926,775
LIABILITIES		
Current Liabilities		
Accounts Payable	$127,809	$254,665
Accrued Payroll	$15,480	$11,390
Current Portion of Long-Term Debt	$249,213	$345,829
Total Current Liabilities	$489,118	$611,884
Long-Term Liabilities		
Net OPEB Liability	$855,101	$940,977
Long-term portion of debt	$1,603,297	$2,004,795
Total Long-Term Liabilities	$2,362,412	$2,945,772
Deferred Inflows of Resources, Pensions	$165,953	$57,842
Deferred Inflows of Resources, OPEB	$130,001	-0-
Total Liabilities and Deferred Inflows of Resources	$3,147,484	$3,615,498
NET POSITION		
Net Investment in Capital Assets	$1,426,760	$981,274
Restricted	$205,215	$228,991
Unrestricted	$6,930,076	$6,101,012
Total Net Position	$8,562,051	$7,311,277
Total Liabilities, Deferred Inflows of Resources and Net Position	$11,709,535	$10,926,775

Changes In Fund Balance
For the year ended December 31, 2019, Fund Balance changed as follows:

Governmental Activities 2019

	2019	2018
RECEIPTS		
Taxes[1]	$4,249,714	$4,332,691
Licenses & Permits	$54,948	$51,438
Fines & Forfeits	$3,919	$6,561
Interest, Rents & Royalties[2]	$84,092	$65,134
Intergovernmental Revenues [3]	$490,803	$343,205
Unrealized Gain [4]	$245,896	$0
Charges for Services [5]	$67,744	$79,825
Non-Revenue [6]	$200,435	$119,985
TOTAL RECEIPTS	**$5,397,551**	**$4,998,839**
DISBURSEMENTS		
General Government [7]	$416,853	$439,918
Public Safety [8]	$1,521,773	$1,459,396
Health & Human Services	$0	$0
Public Works – Sanitation	$16,119	$13,859
Highways, Streets & Roads [9]	$1,556,902	$929,826
Culture & Recreation [10]	$130,742	$116,748
Debt Service Principal & Interest [11]	$542,920	$430,040
Employer Withholding & Benefits [12]	$270,353	$280,885
Insurance	$66,372	$63,631
Unrealized Loss	$0	$26,659
TOTAL DISBURSEMENTS	**$4,522,034**	**$3,760,962**
Excess of Receipts Over Disbursements	$875,517	$1,237,877
Fund Balance – January 1	$6,865,025	$5,627,148
Fund Balance – December 31	$7,740,542	$6,865,025

1 The decrease in tax revenue is primarily due to a reduction in real estate transfer tax in 2019.

2 There was no rental income for 2018 or 2019. The increase in revenue was due to higher bank balances in 2019 and an increase in the interest rate from 1.11% to 1.21% for most of 2019.

3 Intergovernmental Revenues includes multiple state and local government sources. The increase from 2018 to 2019 can be attributed to two Union County Conservation Department grants which funded stormwater projects; and the PennDOT Green Light Go funded traffic signal upgrade project which began receiving funds reimbursements for project services rendered. The remaining revenue can be attributed to DEP's Round 56 Act 101 Recycling grant funding; Municipal Liquid Fuels funding increased 2.9%; and the Municipal Pension System State Aid, which was 3.5% lower than the amount received in 2018.

4 Unrealized Gain is associated with the Other Post-Employment Benefits (OPEB) investment funding initiated in late 2016. This fund had a significant gain in 2019.

[5] Charges for Services decreased primarily as a result of Planning, Zoning, Subdivision and Land Development activities. The most significant difference between the two years can be attributed to changes in building development by Bucknell University.

[6] The increase in Non-revenue in 2019 is attributable to the sale of a used Township owned wheel loader.

[7] General Government expenses had several increases, including engineering fees associated with special projects; and attorney's fees associated with the police IGA lawsuit filed by the Borough of Lewisburg in 2019. The most significant decreases can be attributed to a reallocation of park related expenses to a more applicable cost category; and a reduction in costs associated with tax collection. The 2018 tax collection services were provided by an elected tax collector; whereas the 2019 tax collection was performed by the Union County Treasurer at a greatly reduced cost to the Township.

[8] Public Safety increased primarily due to a 6% increase in contributions to the Buffalo Valley Regional Police Department in 2019; Planning, Zoning, Subdivision and Land Development decreased 20%.

[9] Highways, Streets & Roads expense increases were the result of special projects in 2019. The Township hired a private contractor for the replacement and upgrade of the stormwater system in The Meadows subdivision; an increase in routine road maintenance projects and the commencement of work on traffic signal upgrades with the Green Light Go and ARLE grant funded projects.

[10] Culture & Recreation expense increases were due to a slight increase in the annual contribution to the Buffalo Valley Recreation Authority (BVRA); and the reallocation of Township park related expenses to this cost category.

[11] Debt Service increased due to the early payoff of a loan obtain in 2016 for the OPEB investment fund.

[12] Employer Withholding & Benefits decreased in comparison to 2018, when the Township had higher than normal payroll and related expenses for a retiring Roadmaster.

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, 2019, the Township's budget is fairly consistent with this year. However, major infrastructure projects funding and expenditures will likely alter 2018 to 2019 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, 2019

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,214,002	$ 6,214,002
Investments	1,354,300	1,354,300
Accounts Receivable	276,146	276,146
Prepaid Expenses	39,383	39,383
Total Current Assets	7,883,831	7,883,831
Fixed Assets, net of accumulated depreciation	3,279,900	3,279,900
Other Assets		
Note Receivable	60,244	60,244
Net Pension Obligation (Asset)	100,594	100,594
	160,838	160,838
Deferred Outflows of Resources, Pensions	223,055	223,055
Deferred Outflows of Resources, OPEB	161,911	161,911
Total Assets and Deferred Outflows of Resources	$ 11,709,535	$ 11,709,535
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 127,809	$ 127,809
Accrued Payroll	15,480	15,480
Current Portion of long-term debt	249,213	249,213
Total Current Liabilities	392,502	392,502
Long-Term Liabilities:		
Net OPEB Liability	855,101	855,101
Long-term portion of debt	1,603,927	1,603,927
Total Long-Term Liabilities	2,459,028	2,459,028
Deferred Inflows of Resources, Pensions	165,953	165,953
Deferred Inflows of Resources, OPEB	130,001	130,001
Total Liabilities and Deferred Inflows of Resources	$ 3,147,484	$ 3,147,484
NET POSITION		
Net Investment in Capital Assets	$ 1,426,760	$ 1,426,760
Restricted	205,215	205,215
Unrestricted	6,930,076	6,930,076
Total Net Position	$ 8,562,051	$ 8,562,051
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 11,709,535	$ 11,709,535

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenditures	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Program Receipts: Capital Grants and Contributions	Net (Expenditures) Receipts and Changes in Net Assets: Governmental Activities	Total
Primary Government:						
Governmental activities:						
General Government	$ 1,058,667	$ 159,908	$ 184,619	$ -	(714,140)	$ (714,140)
Public Safety	1,535,403	111,918	-	-	(1,423,485)	(1,423,485)
Streets and Public Works	1,393,496	2,524	330,411	-	(1,060,561)	(1,060,561)
Culture and Recreation	130,742	-	-	-	(130,742)	(130,742)
Total Governmental Activities	4,118,308	274,350	515,030	-	(3,328,928)	(3,328,928)
Total Primary Government	$ 4,118,308	$ 274,350	$ 515,030	$ -	$ (3,328,928)	$ (3,328,928)
General receipts:						
Taxes:						
Earned Income					1,292,744	1,292,744
Real Estate					2,313,749	2,313,749
Other Taxes					643,221	643,221
Investment Income					329,988	329,988
Total General Receipts and Transfers					4,579,702	4,579,702
Change in Net Position					1,250,774	1,250,774
Net position - beginning					7,311,277	7,311,277
Net position - ending					$ 8,562,051	$ 8,562,051

See accompanying notes to the basic financial statements.

East Buffalo Township
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General Fund	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,877,105	$ 336,897	$ 6,214,002
Investments	1,354,300	-	1,354,300
Accounts Receivable	269,846	6,300	276,146
Prepaid Expenses	39,383	-	39,383
Total Assets	$ 7,540,634	$ 343,197	$ 7,883,831
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$ 114,381	$ 13,428	$ 127,809
Accrued Payroll	15,480	-	15,480
Total Liabilities	$ 129,861	$ 13,428	$ 143,289
FUND BALANCES			
Unreserved	$ 7,410,773	$ 124,554	$ 7,535,327
Reserved	-	205,215	205,215
Total Fund Balances	$ 7,410,773	$ 329,769	$ 7,740,542
Total Liabilities and Fund Balances	$ 7,540,634	$ 343,197	$ 7,883,831

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, 2019

Total Fund Balances -- Governmental Funds	$ 7,740,542
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 $4,977,593, and the accumulated depreciation is $1,697,693.	3,279,900
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:	60,244
Other Assets used in governmental activites are not financial resources and therefore are not reported as assets in governmental funds.	
Net pension obligation (asset)	100,594
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	(855,101)
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	(1,853,140)
Deferred outflows and inflows of resources are applicable to future periods and, therefore are not reported in the funds	
Deferred outflows of resources	384,966
Deferred inflows of resources	(295,954)
Total Net Position - Governmental Activities	$ 8,562,051

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, 2019

	General Fund	Special Revenue	Total Governmental Funds
Receipts			
Taxes:			
- Real Estate	$ 2,221,482	$ -	$ 2,221,482
- Fire	-	236,887	236,887
- Real Estate Transfer	152,116	-	152,116
- Earned Income	1,292,744	-	1,292,744
- LST	190,331	-	190,331
- Delinquent Real Estate	92,267	-	92,267
- Water	-	28,411	28,411
- Light	-	35,476	35,476
Licenses and Permits	54,948	-	54,948
Fines and Forfeits	3,919	-	3,919
Interest	77,201	6,891	84,092
Zoning	67,744	-	67,744
Recycling	26,751	-	26,751
Firemen's Association	-	44,174	44,174
Intergovernmental Revenues	184,619	306,184	490,803
Non-Revenue:			
- Sale of Fixed Assets	105,066	-	105,066
- Other	24,444	-	24,444
- Unrealized gain	245,896	-	245,896
Total Receipts	4,739,528	658,023	5,397,551
Disbursements			
General Government:			
- Legislative	69,568	-	69,568
- Executive	79,912	-	79,912
- Tax Collection	32,655	116	32,771
- Legal	56,155	-	56,155
- Secretary	49,594	-	49,594
- Engineering	74,298	-	74,298
- Building	54,555	-	54,555
Public Safety:			
- Police	1,155,084	-	1,155,084
- Fire	-	312,053	312,053
- Planning, zoning, emergency management	51,573	-	51,573
- Animal Officer	3,063	-	3,063
Public Works:			
- Streets	1,190,864	334,461	1,525,325
- Recycling	12,499	-	12,499
- Lights	-	31,577	31,577
- Sanitation	3,620	-	3,620
Culture - Recreation	130,742	-	130,742
Miscellaneous Expenditures:			
- Debt Principal	497,484	-	497,484
- Debt Interest	45,436	-	45,436
- Payroll Benefits	192,340	-	192,340
- Retirement Contribution	41,133	-	41,133
- Payroll Taxes	36,880	-	36,880
- Insurance	66,372	-	66,372
Total Disbursements	3,843,827	678,207	4,522,034
Excess (Deficit) of Receipts Over Disbursements	895,701	(20,184)	875,517
Fund Balance - January 1, 2019	6,515,072	349,953	6,865,025
Fund Balance - December 31, 2019	$ 7,410,773	$ 329,769	$ 7,740,542

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, 2019

Total net change in fund balance - governmental funds		$ 875,517
Amounts reported for governmental activities in the statement of activities are different because:		
Receipt of payments on the note receivable are recorded as revenue on the governmental funds but are reductions in the note on the government wide statements		(8,607)
Gross proceeds of sales of capital assets are reported as revenues in governmental funds, but are reported as net proceeds on the government wide statements		(19,862)
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	(214,747)	
Capital Outlays	188,611	(26,136)
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.		497,484
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	39,212	
Cost of benefits earned, net of employee contributions	(84,118)	
Other post-employment benefit expense does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(22,716)	
		(67,622)
Change in net position of governmental activities		$ 1,250,774

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, 2019

	General Fund		
Receipts	Original and Final Budget	Actual	Variance
Taxes:			
- Real Estate	$ 2,185,519	$ 2,221,482	$ 35,963
- Real Estate Transfer	150,000	152,116	2,116
- Earned Income	1,173,000	1,292,744	119,744
- LST	178,326	190,331	12,005
- Delinquent Real Estate	74,708	92,267	17,559
Licenses and Permits	44,550	54,948	10,398
Fines and Forfeits	5,000	3,919	(1,081)
Interest	56,000	77,201	21,201
Zoning	55,000	67,744	12,744
Recycling	14,557	26,751	12,194
Intergovernmental Revenues	136,323	184,619	48,296
Miscellaneous Revenue:			
- Sale of Fixed Assets	66	105,066	105,000
- Unrealized Gain	-	245,896	245,896
- General Miscellaneous	12,798	24,444	11,646
Total Receipts	4,085,847	4,739,528	653,681
Disbursements			
General Government:			
- Legislative	124,050	69,568	(54,482)
- Executive	83,075	79,912	(3,163)
- Tax Collection	33,838	32,655	(1,183)
- Legal	57,000	56,155	(845)
- Secretary	59,880	49,594	(10,286)
- Engineering	100,000	74,298	(25,702)
- Building	63,400	54,555	(8,845)
Public Safety:			-
- Police	1,131,720	1,155,084	23,364
- Planning, Zoning, Emergency Management	62,283	51,573	(10,710)
- Animal Officer	3,061	3,063	2
Health & Welfare	-	-	-
Public Works - Streets			-
- Streets	1,349,240	1,190,864	(158,376)
- Recycling	18,000	12,499	(5,501)
- Sanitation	7,000	3,620	(3,380)
Culture - Recreation	131,352	130,742	(610)
Miscellaneous Expenditures:			-
- Debt Principal	-	497,484	497,484
- Debt Interest	44,764	45,436	672
- Payroll Benefits and Taxes	275,827	270,353	(5,474)
- Insurance	68,500	66,372	(2,128)
- Unrealized Loss	-	-	-
Total Disbursements	3,612,990	3,843,827	230,837
Excess (Deficiency) of Receipts over Disbursements	472,857	895,701	422,844
Other Financing Sources - Operating Transfers out	(200,000)	-	200,000
Excess of Disbursements over Receipts and Other Financing Sources	$ 272,857	$ 895,701	$ 622,844
Fund Balance - January 1, 2019	6,515,072	6,515,072	
Fund Balance - December 31, 2019	$ 6,787,929	$ 7,410,773	

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2019

	Pension Fund
Assets	
Cash	$ 14,565
Investments	1,404,340
Total Assets	$ 1,418,905
Net Position	
Net Position (unrestricted)	$ 1,418,905
Total Net Position	$ 1,418,905

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2019

	Pension Fund
Receipts	
Interest	$ 90
Securities Appreciation	256,859
Total Receipts	256,949
Disbursements	
Pension Benefits	49,706
Total Disbursements	49,706
Excess (Deficiency) of Receipts over Disbursements	207,243
Net Position - January 1, 2019	1,211,662
Net Position - December 31, 2019	$ 1,418,905

See accompanying notes to the basic financial statements.

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.

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.

The capital fund is used to account for amounts designated for construction and major renovation projects.

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, Capital Fund, Special Revenue Fund, and the Enterprise Fund. The same basis of accounting is used to prepare budgets and the actual statements of receipts and disbursements.

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:

Assets	Years
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.

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

I. Subsequent Events

Management has evaluated subsequent events through August 26, 2020, 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, 2019. 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.

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

Primary Government

Type of Deposits	Total Bank Balance	1	2	3	Total Carrying Value
Insured deposits	$ 250,000	$250,000	$ -0-	$-0-	$ 250,000
Uninsured deposits:					
Collateralized	6,037,499	-0-	6,037,499	-0-	$5,978,567
Uncollateralized	-0-	-0-	-0-	-0-	-0-
Total Deposits	$6,287,499	$250,000	$6,037,499	$-0-	$6,228,567

Note 4 - Property Taxes – Real Estate

Property taxes, which are 4.50 mills, fire protection .46 mills, street light .07 mills and fire hydrant .08 mills, are billed on March 1 and are payable under the following terms: 2% discount March 1 through April 30; face amount May 1 through June 30, and a 10% penalty on July 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 a commission based upon net collections (i.e., face amount less discount, plus penalty). 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.

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.

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

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, 2018, the Plan's membership consisted of the following:

	Non-Uniformed	Uniformed
Active Participants	7	4
Retired Participants	4	5
Total	11	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, 2018 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 3.26% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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 2019 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% 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, 2018.

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-2018 to reflect mortality improvement.

For the year ended December 31, 2019, the Township recognized the following OPEB Expense:

	Non-Uniformed	Uniformed	Total
OPEB Expense			
Service Cost	$16,525	$20,623	$37,148
Interest on Total OPEB Liability	55,374	96,646	152,020
Expected Investment Income	(29,779)	(53,370)	(83,149)
Amortization of Deferred Outflows	36,894	22,774	59,668
Amortization of Deferred Inflows	(20,715)	(11,785)	(32,500)
Total OPEB Expense	$58,299	$74,888	$133,187

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, 2018:

	Non-Uniformed	Uniformed	Total
Total OPEB Liability			
Balances at 12/31/2018	$734,065	$1,315,562	$2,049,627
Service Cost	16,525	20,623	37,148
Interest	55,374	96,646	152,020
Changes in Benefit Terms	-	-	-
Changes of Assumptions	82,001	(924)	81,077
Differences between expected and actual experience	-	-	-
Benefit Payments	(22,650)	(87,821)	(110,471)
Balances at 12/31/2019	$865,315	$1,344,086	$2,209,401
Plan Fiduciary Net Position			
Balances at 12/31/2018	$397,058	$711,592	$1,108,650
Contributions-Employer	39,565	70,906	110,471
Contributions- Employee	-	-	-
Net Investment Income	133,355	112,295	245,650
Benefit Payments	(39,565)	(70,906)	(110,471)
Administrative Expense	-	-	-
Balances at 12/31/2019	$530,413	$823,887	$1,354,300
Net OPEB Liability	**$334,902**	**$520,199**	**$855,101**

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
Net OPEB Liability			
1% Increase	$482,349	$644,759	$1,127,108
Current Rates	334,902	520,199	855,101
1% Decrease	214,724	408,514	623,238

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:

	Non-Uniformed	Uniformed	Total
Net OPEB Liability			
1% Increase (8.50%)	$240,680	$443,348	$684,028
Current Discount Rate (7.50%)	334,902	520,199	855,101
1% Decrease (6.50%)	447,645	604,491	1,052,136

For the year ended December 31, 2019, the Township reported deferred outflows and inflows of resources related to OPEB as follows:

	Non-Uniformed	Uniformed	Total
Deferred Outflows of Resources			
Difference between Expected and Actual Experience	$ -	$ -	$ -
Changes in Assumptions	87,669	7,317	94,986
Net Difference between Projected and Actual Earnings	9,925	57,000	66,925
Total Deferred Outflows	$97,594	$64,317	$161,911

	Non-Uniformed	Uniformed	Total
Deferred Inflows of Resources			
Difference between Expected and Actual Experience	$ -	$ -	$ -
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	82,861	47,140	130,001
Total Deferred Inflows	$82,861	$47,140	$130,001

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

Year Ended -			
December 31, 2020	$ 16,179	$ 10,989	$ 27,168
December 31, 2021	16,177	10,989	27,166
December 31, 2022	3,093	6,984	10,077
December 31, 2023	(20,716)	(11,785)	(32,501)
December 31, 2024	-	-	-
Thereafter	-	-	-

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, 2019, supplied to the Township by Conrad Siegel Actuaries.

A. Summary of Actuarial Data as of January 1, 2019:

1. Actuarial present value of future benefits: $1,593,287

2. Actuarial present value of future normal cost: $ 338,301

3. Actuarial accrued liability (Item 1-2): $1,254,986

4. Actuarial value of assets: $1,211,662

5. Unfunded Actuarial Accrued Liability (Item 3-4): $ 43,324

   (Actuarial value of assets in excess of actuarial accrued liability).

6. Normal cost (employer and employee), excluding administrative expenses: $ 33,650

7. Normal cost as a percentage of annual covered payroll: 6.6%

8. Annual covered payroll: $ 507,986

9. Average administrative expenses: $ -0-

10. Actual or estimated member contributions: $ -0-

11. Net assets available for benefits (market value): $1,211,662

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 Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a % of Covered Payroll (3)/(5)
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%

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, 2019, pension plan membership consisted of the following:

Active employees	8
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	4
Total	18

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

At December 31, 2019, the components of the net pension liability for the plan was as follows:

Total Pension Liability	$ 1,314,757
Plan Fiduciary Net Position	(1,415,351)
Net Pension Liability/(Asset)	$ (100,594)

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 107.6%

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, 2019.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances at 12/31/2018	$1,206,526	$1,211,662	$ (5,136)
Changes for the year:			
Service Cost	33,650	-	33,650
Interest Cost	75,827	-	75,827
Changes in Benefit Terms	-	-	-
Changes for Experience	(18,739)	-	(18,739)
Changes of Assumptions	67,199	-	67,199
Contributions – Employer	-	39,212	(39,212)
Contributions – Member	-	-	-
Net Investment Income	-	214,183	(214,183
Benefit Payments	(49,706)	(49,706)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Balances at 12/31/2019	$1,314,757	$1,415,351	$ (100,594)

For the year ended December 31, 2019, the Township recognized pension expense of $44,906 for the Pension Plan. At December 31, 2019, 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-	$ 23,590
Changes in assumptions	139,212	-0-
Net difference between projected and actual investment earnings	83,843	142,363
	$ 223,055	$ 165,953

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:	
2020	$ 28,328
2021	33,311
2022	7,666
2023	(20,211)
2024	8,008
Thereafter	-0-

Actuarial Assumptions

An actuarial valuation of the net pension liability is performed biennially. The net pension liabilities as of December 31, 2019 were determined as part of the actuarial valuations at January 1, 2019. Update procedures were used to roll forward January 1, 2019 liabilities to the plan year ending December 31, 2019.

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	6.00%
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.

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, 2019:

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

Long-Term Expected Rate of Return (including inflation) – 6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.00%. 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 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net Pension Liability/(Asset)	$ 66,238	$(100,594)	$(241,029)

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 will go 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:

2020	$2,500
2021	$2,500
2022	$2,500
2023	$2,500

Note 8 - Notes Payable

Notes payable consist of the following:

	Governmental Activities
Note payable to the Commonwealth of PA, Department of Transportation with an original amount of $1,436,000 and an interest rate of 1.625%. The quarterly payment amount is $38,968.55.	$ 343,698
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.	$1,509,442
	$ 1,853,140

Note 8 - Notes Payable (Continued)

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

Year ending December 31,	Governmental Activities	
	Principal	Interest
2020	249,213	36,111
2021	253,881	31,443
2022	141,167	27,251
2023	104,557	24,893
2024	106,740	22,710
2025-2029	569,427	77,821
2030-2034	428,155	16,846

Changes in Long-Term Debt:

Description	Amount Outstanding 1/1/19	Issued	Retired	Amount Outstanding 12/31/19	Due Within One Year
Comm. Of PA Loan	$ 455,505	$ -0-	$ 111,807	$ 343,698	$151,207
West Milton State Bank	281,571	-0-	281,571	-0-	-0-
West Milton State Bank	1,613,548	-0-	104,106	1,509,442	98,006
Total	$ 2,350,624	$ -0-	$ 497,484	$ 1,853,140	$ 249,213

Note 9 - Restricted Net Position

As of December 31, 2019, there were $205,215 in restricted net position which consisted of assets held in the Highway Aid Fund.

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.

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, 2019 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:

		Fair Value	
	Level 1	Level 2	Level 3
Equities	$ 2,188,612	$ -	$ -
Fixed Income	$ 570,028	$ -	$ -
Total	$ 2,758,640	$ -	$ -

Total Carrying Value	
Governmental Funds	$1,354,300
Fiduciary Funds	1,404,340

East Buffalo Township
Notes to Financial Statements
December 31, 2019
(Continued)

Note 12 - Fixed Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$419,000	$ -0-	$ -0-	$419,000
Total Capital Assets N Being Depreciated	$419,000	$ -0-	$ -0-	$419,000
Governmental Activities				
Capital Assets, Being Depr				
Buildings	$2,872,403	$ -0-	$ -0-	$2,872,403
Vehicles	836,222	-0-	-0-	836,222

East Buffalo Township

Required Supplementary Information

Schedule of Changes in Net Pension Liability

December 31, 2019

Last 10 Measurement Years (if available)*

Measurement Year | Measurement Year | Measurement Year | Measurement Year

Total Pension Liability

Service cost (beginning of year) 33,650 31,351 29,858 20,239

Interest (includes interest on service cost) 75,827 69,558 66,232 64,500

Changes of benefit terms

Differences between expected and actual experience

Total Pension Liability - ending $ 1,314,757 $ 1,206,526 $ 1,150,265 $ 905,758

Plan fiduciary net position

Contributions - employer $ 39,212 $ 40,590

Contributions - member

Benefit payments, including refunds of member contributions (44,648) (39,676) (37,496) (49,700)

Administrative expense

Additional Administrative expense

Net change in plan fiduciary net position (67,188) 90,310 69,904 203,689

Plan fiduciary net position - beginning

Plan fiduciary net position - ending $ 1,415,351 $ 1,211,662 $ 1,278,850 $ 1,188,540

East Buffalo Township
Required Supplementary Information
Schedule of Employer Contributions
December 31, 2019

Last 10 Measurement Years (if available)*

	Measurement Year Ending 12/31/2018	Measurement Year Ending 12/31/2017	Measurement Year Ending 12/31/2016
Actuarially Determined Contribution	$ 22,836	$ -	$ -
Contributions in relation to the Actuarially Determined Contribution**	40,590	-	-
Contribution Deficiency/ (Excess)	$ (17,754)	$ -	$ -
Participant Payroll ***	$ 494,951	$ 412,496	$ 485,828
Contributions as a Percentage of Covered-Employee Payroll	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 2019 is based upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determined the 2019 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: IRS 2017 Static Combined Table for Samll Plans

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