# EAST BUFFALO TOWNSHIP

FINANCIAL STATEMENTS
FOR THE YEAR ENDING
DECEMBER 31, 2020

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, 2020, 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, 2020, 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.

Hervey, Rall + Galanza

September 29, 2021

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, 2020. 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 2019 and 2020, 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 2019 financial statement included in this presentation for comparison notes the transition to accrual (e.g., unrealized loss).

## FINANCIAL HIGHLIGHTS

The Township's 2020 receipts increased 1.57%, while expenses increased 1.48%; providing for total revenues to exceed total expenses for the 2020 fiscal year and the net position increasing by 14.9%.

The Township's General Fund increased 7.06% during 2020. 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.

Total Current Assets increased 14.52%. Total Assets and Deferred Outflows of Resources increased 7.79%. Total Liabilities and Deferred Inflows of Resources decreased 11.52%. The Township's Net Position increased 14.9%. The Total Net Position includes $494,843 of restricted funds, an increase of 141.13%. 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 2020.

# 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, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $6,800,321 | $6,214,002 |
| Investments | $1,567,091 | $1,354,300 |
| Accounts Receivable | $619,636 | $276,146 |
| Prepaid Expenses | $41,641 | $39,383 |
| Total Current Assets | $9,028,689 | $7,883,831 |
| Fixed Assets, net of accumulated depreciation | $3,159,390 | $3,279,900 |
| Other Assets | | |
| Note Receivable | $51,638 | $60,244 |
| Net Pension Obligation (Asset) | $137,147 | $100,594 |
| Deferred Outflows of Resources, Pensions | $142,301 | $223,055 |
| Deferred Outflows of Resources, OPEB | $102,343 | $161,911 |
| Total Assets and Deferred Outflows of Resources | $12,621,508 | $11,709,535 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts Payable | $392,849 | $127,809 |
| Accrued Payroll | $18,328 | $15,480 |
| Current Portion of Long-Term Debt | $100,202 | $249,213 |
| Total Current Liabilities | $511,379 | $392,502 |
| Long-Term Liabilities | | |
| Net OPEB Liability | $498,747 | $855,101 |
| Long-term portion of debt | $1,311,019 | $1,603,297 |
| Total Long-Term Liabilities | $1,809,766 | $2,459,028 |
| Deferred Inflows of Resources, Pensions | $136,492 | $165,953 |
| Deferred Inflows of Resources, OPEB | $327,408 | $130,001 |
| Total Liabilities and Deferred Inflows of Resources | $2,785,045 | $3,147,484 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | $1,748,169 | $1,426,760 |
| Restricted | $494,843 | $205,215 |
| Unrestricted | $7,593,451 | $6,930,076 |
| Total Net Position | $9,836,463 | $8,562,051 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $12,621,508 | $11,709,535 |

## Changes In Fund Balance

For the year ended December 31, 2020 Fund Balance changed as follows:

Governmental Activities 2020

| | 2020 | 2019 |
|---|---|---|
| **RECEIPTS** | | |
| Taxes[1] | $4,202,106 | $4,249,714 |
| Licenses & Permits | $43,283 | $54,948 |
| Fines & Forfeits | $4,675 | $3,919 |
| Interest, Rents & Royalties[2] | $57,999 | $84,092 |
| Intergovernmental Revenues [3] | $838,208 | $490,803 |
| Unrealized Gain [4] | $212,791 | $245,896 |
| Charges for Services [5] | $38,324 | $67,744 |
| Non-Revenue [6] | $78,542 | $200,435 |
| **TOTAL RECEIPTS** | **$5,475,928** | **$5,397,551** |
| **DISBURSEMENTS** | | |
| General Government [7] | $640,890 | $416,853 |
| Public Safety [8] | $1,504,528 | $1,521,773 |
| Health & Human Services | $0 | $0 |
| Public Works – Sanitation | $12,123 | $16,119 |
| Highways, Streets & Roads [9] | $1,411,575 | $1,556,902 |
| Culture & Recreation [10] | $184,539 | $130,742 |
| Debt Service Principal & Interest [11] | $477,398 | $542,920 |
| Employer Withholding & Benefits [12] | $288,129 | $270,353 |
| Insurance | $66,351 | $66,372 |
| Unrealized Loss | $0 | $0 |
| **TOTAL DISBURSEMENTS** | **$4,585,533** | **$4,522,034** |
| Excess of Receipts Over Disbursements | $890,395 | $875,517 |
| Fund Balance – January 1 | $7,740,542 | $6,865,025 |
| Fund Balance – December 31 | $8,617,512 | $7,740,542 |

[1] The decrease in tax revenue is primarily due to a reduction in real estate tax in 2020 and the 20% tax rebate offered to all property owners if taxes were paid in full by December 31, 2020.

[2] There was no rental income for 2019 or 2020. The decrease in revenue was due to lower bank balances in 2020 and a decrease in the interest rate for most of 2020 due to the COVID-19.

[3] Intergovernmental Revenues includes multiple state and local government sources. The increase from 2019 to 2020 can be attributed to 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 the Public Utility Realty Tax (PURTA); Municipal Liquid Fuels funding decreasing 3.28%; and the Municipal Pension System State Aid, which was 2.78% lower than the amount received in 2019.

[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 all due to the COVID-19.

[6] The decrease in non-revenue in 2020 is attributable to the sale of a used Township owned Kabota tractor.

[7] General Government expenses had an increase, attorney's fees associated with the police IGA lawsuit filed by the Borough of Lewisburg in 2019. The most significant increase in costs can be associated with tax collection. The 2019 tax collection was performed by the Union County Treasurer at a greatly reduced cost to the Township, but the township offered a 20% tax refund to property owners if their 2020 real estate property taxes were paid by the end of 2020 in full.

[8] Public Safety decrease due to a decrease in contributions to the Buffalo Valley Regional Police Department in 2020; Planning, Zoning, Subdivision and Land Development decreased.

[9] Highways, Streets & Roads expense decrease were the result of projects having to be put on hold because of COVID-19.

[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 decrease due to the early payoff of a loan obtain in 2016 for the OPEB investment fund.

[12] Employer Withholding & Benefits increase in comparison to 2019, when the Township hired an additional public works laborer.

## 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, 2021, the Township's budget is fairly consistent with this year. However, major infrastructure projects funding and expenditures will likely alter 2020 to 2021 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, 2020

| | Governmental Activities | Total |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | $ 6,800,321 | $ 6,800,321 |
| Investments | 1,567,091 | 1,567,091 |
| Accounts Receivable | 619,636 | 619,636 |
| Prepaid Expenses | 41,641 | 41,641 |
| Total Current Assets | 9,028,689 | 9,028,689 |
| Fixed Assets, net of accumulated depreciation | 3,159,390 | 3,159,390 |
| Other Assets | | |
| Note Receivable | 51,638 | 51,638 |
| Net Pension Obligation (Asset) | 137,147 | 137,147 |
| | 188,785 | 188,785 |
| Deferred Outflows of Resources, Pensions | 142,301 | 142,301 |
| Deferred Outflows of Resources, OPEB | 102,343 | 102,343 |
| Total Assets and Deferred Outflows of Resources | $ 12,621,508 | $ 12,621,508 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | $ 392,849 | $ 392,849 |
| Accrued Payroll | 18,328 | 18,328 |
| Current Portion of long-term debt | 100,202 | 100,202 |
| Total Current Liabilities | 511,379 | 511,379 |
| Long-Term Liabilities: | | |
| Net OPEB Liability | 498,747 | 498,747 |
| Long-term portion of debt | 1,311,019 | 1,311,019 |
| Total Long-Term Liabilities | 1,809,766 | 1,809,766 |
| Deferred Inflows of Resources, Pensions | 136,492 | 136,492 |
| Deferred Inflows of Resources, OPEB | 327,408 | 327,408 |
| Total Liabilities and Deferred Inflows of Resources | $ 2,785,045 | $ 2,785,045 |
| NET POSITION | | |
| Net Investment in Capital Assets | $ 1,748,169 | $ 1,748,169 |
| Restricted | 494,843 | 494,843 |
| Unrestricted | 7,593,451 | 7,593,451 |
| Total Net Position | $ 9,836,463 | $ 9,836,463 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 12,621,508 | $ 12,621,508 |

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

| 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 Position: Governmental Activities | Net (Expenditures) Receipts and Changes in Net Position: Total |
|---|---|---|---|---|---|---|
| *Primary Government:* | | | | | | |
| Governmental activities: | | | | | | |
| General Government | $ 1,275,170 | $ 61,367 | $ 429,561 | $ - | (784,242) | $ (784,242) |
| Public Safety | 1,452,851 | 81,730 | - | - | (1,371,121) | (1,371,121) |
| Streets and Public Works | 1,266,925 | 2,412 | 306,856 | - | (957,657) | (957,657) |
| Culture and Recreation | 184,539 | - | 112,500 | - | (72,039) | (72,039) |
| Total Governmental Activities | 4,179,485 | 145,509 | 848,917 | - | (3,185,059) | (3,185,059) |
| Total Primary Government | $ 4,179,485 | $ 145,509 | $ 848,917 | $ - | $ (3,185,059) | $ (3,185,059) |
| General receipts: | | | | | | |
| Taxes: | | | | | | |
| Earned Income | | | | | 1,420,924 | 1,420,924 |
| Real Estate | | | | | 2,046,882 | 2,046,882 |
| Other Taxes | | | | | 734,300 | 734,300 |
| Investment Income | | | | | 270,790 | 270,790 |
| Transfers | | | | | (13,425) | (13,425) |
| Total General Receipts and Transfers | | | | | 4,459,471 | 4,459,471 |
| Change in Net Position | | | | | 1,274,412 | 1,274,412 |
| Net position - beginning | | | | | 8,562,051 | 8,562,051 |
| Net position - ending | | | | | $ 9,836,463 | $ 9,836,463 |

See accompanying notes to the basic financial statements.

East Buffalo Township
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

| | General Fund | Special Revenue | Total Governmental Funds |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 6,124,582 | $ 675,739 | $ 6,800,321 |
| Investments | 1,567,091 | - | 1,567,091 |
| Accounts Receivable | 609,797 | 9,839 | 619,636 |
| Prepaid Expenses | 41,641 | - | 41,641 |
| Total Assets | $ 8,343,111 | $ 685,578 | $ 9,028,689 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | $ 390,943 | $ 1,906 | $ 392,849 |
| Accrued Payroll | 18,328 | - | 18,328 |
| Total Liabilities | $ 409,271 | $ 1,906 | $ 411,177 |
| FUND BALANCES | | | |
| Unreserved | $ 7,933,840 | $ 188,829 | $ 8,122,669 |
| Reserved | - | 494,843 | 494,843 |
| Total Fund Balances | $ 7,933,840 | $ 683,672 | $ 8,617,512 |
| Total Liabilities and Fund Balances | $ 8,343,111 | $ 685,578 | $ 9,028,689 |

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, 2020

| | |
|---|---|
| Total Fund Balances -- Governmental Funds | $ 8,617,512 |
| 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 $5,086,664, and the accumulated depreciation is $1,927,274. | 3,159,390 |
| 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 activites are not financial resources and therefore are not reported as assets in governmental funds. | |
| Net pension obligation (asset) | 137,147 |
| 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 | (498,747) |
| 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 | (1,411,221) |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore are not reported in the funds | |
| Deferred outflows of resources | 244,644 |
| Deferred inflows of resources | (463,900) |
| Total Net Position - Governmental Activities | $ 9,836,463 |

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, 2020

| | General Fund | Special Revenue | Total Governmental Funds |
|---|---|---|---|
| Receipts | | | |
| Taxes: | | | |
| - Real Estate | $ 1,996,104 | $ - | $ 1,996,104 |
| - Fire | - | 229,807 | 229,807 |
| - Real Estate Transfer | 254,986 | - | 254,986 |
| - Earned Income | 1,420,924 | - | 1,420,924 |
| - LST | 185,390 | - | 185,390 |
| - Delinquent Real Estate | 50,778 | - | 50,778 |
| - Water | - | 28,399 | 28,399 |
| - Light | - | 35,718 | 35,718 |
| Licenses and Permits | 43,283 | - | 43,283 |
| Fines and Forfeits | 4,675 | - | 4,675 |
| Interest | 52,838 | 5,161 | 57,999 |
| Zoning | 38,324 | - | 38,324 |
| Recycling | 13,121 | - | 13,121 |
| Firemen's Association | - | 43,406 | 43,406 |
| Intergovernmental Revenues | 429,561 | 408,647 | 838,208 |
| Non-Revenue: | | | |
| - Other | 22,015 | - | 22,015 |
| - Unrealized gain | 212,791 | - | 212,791 |
| Total Receipts | 4,724,790 | 751,138 | 5,475,928 |
| Disbursements | | | |
| General Government: | | | |
| - Legislative | 86,489 | - | 86,489 |
| - Executive | 90,736 | - | 90,736 |
| - Tax Collection | 281,938 | - | 281,938 |
| - Legal | 63,619 | - | 63,619 |
| - Secretary | 58,435 | - | 58,435 |
| - Engineering | 3,600 | - | 3,600 |
| - Building | 56,073 | - | 56,073 |
| Public Safety: | | | |
| - Police | 1,192,071 | - | 1,192,071 |
| - Fire | - | 242,133 | 242,133 |
| - Planning, zoning, emergency management | 68,561 | - | 68,561 |
| - Animal Officer | 1,763 | - | 1,763 |
| Public Works: | | | |
| - Streets | 1,264,070 | 114,990 | 1,379,060 |
| - Recycling | 9,738 | - | 9,738 |
| - Lights | - | 32,515 | 32,515 |
| - Sanitation | 2,385 | - | 2,385 |
| Culture - Recreation | 161,710 | 22,829 | 184,539 |
| Miscellaneous Expenditures: | | | |
| - Debt Principal | 441,919 | - | 441,919 |
| - Debt Interest | 35,479 | - | 35,479 |
| - Payroll Benefits | 207,247 | - | 207,247 |
| - Retirement Contribution | 41,168 | - | 41,168 |
| - Payroll Taxes | 39,714 | - | 39,714 |
| - Insurance | 66,351 | - | 66,351 |
| Total Disbursements | 4,173,066 | 412,467 | 4,585,533 |
| Excess (Deficit) of Receipts Over Disbursements | 551,724 | 338,671 | 890,395 |
| Other Financing Sources - Operating Transfers | (28,657) | 15,232 | (13,425) |
| Excess (Deficit) of Receipts Over Disbursements and Other Financing Sources | 523,067 | 353,903 | 876,970 |
| Fund Balance - January 1, 2020 | 7,410,773 | 329,769 | 7,740,542 |
| Fund Balance - December 31, 2020 | $ 7,933,840 | $ 683,672 | $ 8,617,512 |

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, 2020

| | | |
|---|---|---|
| Total net change in fund balance - governmental funds | | $ 876,970 |
| 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 | | (8,606) |
| 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 | (229,581) | |
| Capital Outlays | 109,071 | (120,510) |
| 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. | | 441,919 |
| 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 | 38,123 | |
| Cost of benefits earned, net of employee contributions | (52,863) | |
| Other post-employment benefit expense does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | 99,379 | |
| | | 84,639 |
| Change in net position of governmental activities | | $ 1,274,412 |

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, 2020

| | General Fund | | |
|---|---|---|---|
| Receipts | Original and Final Budget | Actual | Variance |
| Taxes: | | | |
| - Real Estate | $ 1,961,488 | $ 1,996,104 | $ 34,616 |
| - Real Estate Transfer | 175,000 | 254,986 | 79,986 |
| - Earned Income | 1,266,750 | 1,420,924 | 154,174 |
| - LST | 183,500 | 185,390 | 1,890 |
| - Delinquent Real Estate | 85,000 | 50,778 | (34,222) |
| Licenses and Permits | 42,850 | 43,283 | 433 |
| Fines and Forfeits | 2,550 | 4,675 | 2,125 |
| Interest | 57,000 | 52,838 | (4,162) |
| Zoning | 65,000 | 38,324 | (26,676) |
| Recycling | 4,200 | 13,121 | 8,921 |
| Intergovernmental Revenues | 511,462 | 429,561 | (81,901) |
| Miscellaneous Revenue: | | | |
| - Sale of Fixed Assets | 20,000 | - | (20,000) |
| - Unrealized Gain | - | 212,791 | 212,791 |
| - General Miscellaneous | 13,687 | 22,015 | 8,328 |
| Total Receipts | 4,388,487 | 4,724,790 | 336,303 |
| Disbursements | | | |
| General Government: | | | |
| - Legislative | 204,660 | 86,489 | (118,171) |
| - Executive | 91,925 | 90,736 | (1,189) |
| - Tax Collection | 33,600 | 281,938 | 248,338 |
| - Legal | 60,000 | 63,619 | 3,619 |
| - Secretary | 89,105 | 58,435 | (30,670) |
| - Engineering | 50,000 | 3,600 | (46,400) |
| - Building | 71,665 | 56,073 | (15,592) |
| Public Safety: | | | - |
| - Police | 1,208,678 | 1,192,071 | (16,607) |
| - Planning, Zoning, Emergency Management | 68,380 | 68,561 | 181 |
| - Animal Officer | 3,304 | 1,763 | (1,541) |
| Health & Welfare | - | - | - |
| Public Works - Streets | | | |
| - Streets | 1,773,675 | 1,264,070 | (509,605) |
| - Recycling | 45,000 | 9,738 | (35,262) |
| - Sanitation | 3,000 | 2,385 | (615) |
| Culture - Recreation | 138,219 | 161,710 | 23,491 |
| Miscellaneous Expenditures: | | | |
| - Debt Principal | - | 441,919 | 441,919 |
| - Debt Interest | 36,111 | 35,479 | (632) |
| - Payroll Benefits and Taxes | 314,670 | 288,129 | (26,541) |
| - Insurance | 69,000 | 66,351 | (2,649) |
| Total Disbursements | 4,260,992 | 4,173,066 | (87,926) |
| Excess (Deficiency) of Receipts over Disbursements | 127,495 | 551,724 | 424,229 |
| Other Financing Sources - Operating Transfers out | - | (28,657) | (28,657) |
| Excess of Disbursements over Receipts and Other Financing Sources | $ 127,495 | $ 523,067 | $ 395,572 |
| Fund Balance - January 1, 2020 | | 7,410,773 | |
| Fund Balance - December 31, 2020 | | $ 7,933,840 | |

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2020

| | Pension Fund |
|---|---|
| Assets | |
| Cash | $ 14,734 |
| Investments | 1,513,056 |
| Total Assets | $ 1,527,790 |
| Net Position | |
| Net Position (restricted) | $ 1,527,790 |
| Total Net Position | $ 1,527,790 |

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2020

| | Pension Fund |
|---|---|
| Receipts | |
| Interest | $ 65 |
| Securities Appreciation | 147,948 |
| Total Receipts | 148,013 |
| Disbursements | |
| Pension Benefits | 52,310 |
| Miscellaneous Expense | 243 |
| Total Disbursements | 52,553 |
| Excess (Deficiency) of Receipts over Disbursements | 95,460 |
| Other Financing Uses | |
| Operating Transfers | 13,425 |
| Excess (Deficiency) of Receipts over Disbursemnts and Other Financing Uses | 108,885 |
| Net Position - January 1, 2020 | 1,418,905 |
| Net Position - December 31, 2020 | $ 1,527,790 |

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.

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.

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)

*l. Subsequent Events*

Management has evaluated subsequent events through September 29, 2021, 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, 2020. 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 | 6,676,030 | -0- | 6,676,030 | -0- | $6,565,055 |
| Uncollateralized | -0- | -0- | -0- | -0- | -0- |
| Total Deposits | $6,926,030 | $250,000 | $6,676,030 | $-0- | $6,815,055 |

Reconciliation to Statement of Net Position and Fiduciary Fund:

| | |
|---|---|
| Cash and cash equivalents | $6,815,055 |
| Outstanding checks | 110,975 |
| Total Bank Balance | $6,926,030 |

Note 4 - Property Taxes – Real Estate

Property taxes, which are 4.0 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 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. Due to the COVID-19 pandemic, the face value period was extended to December 31 for 2020. The township also reimbursed taxpayers and entities 20% of their real estate tax for 2020 due to the pandemic.

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.

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:

| | Non-Uniformed | Uniformed |
|---|---|---|
| Active Participants | 5 | 4 |
| Retired Participants | 5 | 5 |
| 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.

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 2020 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, 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-2018 to reflect mortality improvement.

For the year ended December 31, 2020, the Township recognized the following OPEB Expense:

| | Non-Uniformed | Uniformed | Total |
|---|---|---|---|
| **OPEB Expense** | | | |
| Service Cost | $ 19,581 | $ 21,687 | $ 41,268 |
| Interest on Total OPEB Liability | 65,411 | 97,836 | 163,247 |
| Expected Investment Income | (39,781) | (61,792) | (101,573) |
| Amortization of Deferred Outflows | 36,894 | 22,774 | 59,668 |
| Amortization of Deferred Inflows | (73,968) | (51,243) | (125,211) |
| **Total OPEB Expense** | $ 8,137 | $ 29,262 | $ 37,399 |

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 |
|---|---|---|---|
| **Total OPEB Liability** | | | |
| **Balances at 12/31/2019** | $865,315 | $1,344,086 | $2,209,401 |
| Service Cost | 19,581 | 21,687 | 41,268 |
| Interest | 65,411 | 97,836 | 163,247 |
| Changes in Benefit Terms | - | - | - |
| Changes of Assumptions | - | - | - |
| Differences between expected and actual experience | (146,939) | (64,461) | (211,400) |
| Benefit Payments | (23,536) | (113,142) | (136,678) |
| **Balances at 12/31/2020** | $779,832 | $1,286,006 | $2,065,838 |
| **Plan Fiduciary Net Position** | | | |
| **Balances at 12/31/2019** | $530,413 | $823,887 | $1,354,300 |
| Contributions-Employer | 23,536 | 113,142 | 110,411 |
| Contributions- Employee | - | - | - |
| Net Investment Income | 61,147 | 151,644 | 212,791 |
| Benefit Payments | (23,536) | (113,142) | (110,411) |
| Administrative Expense | - | - | - |
| **Balances at 12/31/2020** | $591,560 | $975,531 | $1,567,091 |
| **Net OPEB Liability** | **$188,272** | **$310,475** | **$498,747** |

*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 | $305,467 | $413,408 | $718,875 |
| Current Rates | 188,272 | 310,475 | 498,747 |
| 1% Decrease | 91,451 | 217,231 | 308,682 |

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%) | $106,628 | $238,819 | $345,447 |
| Current Discount Rate (7.50%) | 188,272 | 310,475 | 498,747 |
| 1% Decrease (6.50%) | 285,619 | 388,782 | 674,401 |

For the year ended December 31, 2020, 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 | 54,084 | 3,543 | 57,627 |
| Net Difference between Projected and Actual Earnings | 6,616 | 38,000 | 44,616 |
| **Total Deferred Outflows** | $60,700 | $41,543 | $102,243 |

| | Non-Uniformed | Uniformed | Total |
|---|---|---|---|
| **Deferred Inflows of Resources** | | | |
| Difference between Expected and Actual Experience | $ 97,959 | $ 42,974 | $ 140,933 |
| Changes in Assumptions | - | - | - |
| Net Difference between Projected and Actual Earnings | 79,239 | 107,236 | 186,475 |
| **Total Deferred Inflows** | $177,198 | $150,210 | $327,408 |

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

| | | | |
|---|---|---|---|
| Year Ended - | | | |
| December 31, 2021 | $ (37,076) | $ (28,469) | $ (65,545) |
| December 31, 2022 | (50,159) | (32,474) | (82,633) |
| December 31, 2023 | (24,989) | (29,756) | (54,745) |
| December 31, 2024 | (4,274) | (17,968) | (22,242) |
| December 31, 2025 | - | - | - |
| 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, 2020:

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, 2020, pension plan membership consisted of the following:

| | |
|---|---|
| Active employees | 7 |
| Inactive employees or beneficiaries currently receiving benefits | 6 |
| Inactive employees entitled to but not yet receiving benefits | 5 |
| Total | 18 |

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

At December 31, 2020, the components of the net pension liability for the plan was as follows:

| | |
|---|---|
| Total Pension Liability | $ 1,377,216 |
| Plan Fiduciary Net Position | (1,514,363) |
| Net Pension Liability/(Asset) | $ (137,147) |

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 109.9%

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, 2020.

| | Increase/(Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) – (b) |
| **Balances at 12/31/2019** | $1,314,757 | $1,415,351 | $(100,594) |
| **Changes for the year:** | | | |
| Service Cost | 35,333 | - | 35,333 |
| Interest Cost | 79,436 | - | 79,436 |
| Changes in Benefit Terms | - | - | - |
| Changes for Experience | - | - | - |
| Changes of Assumptions | - | - | - |
| Contributions – Employer | - | 38,123 | (38,123) |
| Contributions – Member | - | - | - |
| Net Investment Income | - | 113,199 | (113,199) |
| Benefit Payments | (52,310) | (52,310) | - |
| Administrative Expense | - | - | - |
| Other Changes | - | - | - |
| **Balances at 12/31/2020** | $1,377,216 | $1,514,363 | $ (137,147) |

For the year ended December 31, 2020, the Township recognized pension expense of $52,863 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- | $ 16,479 |
| Changes in assumptions | 86,406 | -0- |
| Net difference between projected and actual investment earnings | 55,895 | 120,013 |
| | $ 142,301 | $ 136,492 |

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: | |
|---|---|
| 2021 | $ 27,571 |
| 2022 | 1,923 |
| 2023 | (26,022) |
| 2024 | 2,337 |
| 2025 | -0- |
| Thereafter | -0- |

Actuarial Assumptions

An actuarial valuation of the net pension liability is performed biennially. The net pension liabilities as of December 31, 2020 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, 2020.

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, 2020:

| 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) | $ 34,636 | $(137,147) | $(281,958) |

## 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:

| | |
|---|---|
| 2021 | $2,500 |
| 2022 | $2,500 |
| 2023 | $2,500 |
| 2024 | $2,500 |
| 2025 | $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. | $ -0- |
| 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. | $1,411,221 |
| | $ 1,411,221 |

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 |
| 2021 | 100,202 | 29,248 |
| 2022 | 102,356 | 27,094 |
| 2023 | 104,557 | 24,893 |
| 2024 | 106,740 | 22,710 |
| 2025 | 109,100 | 22,350 |
| 2026-2030 | 581,670 | 65,578 |
| 2031-2035 | 306,596 | 8,739 |

Changes in Long-Term Debt:

| Description | Amount Outstanding 1/1/120 | Issued | Retired | Amount Outstanding 12/31/20 | Due Within One Year |
|---|---|---|---|---|---|
| Comm. Of PA Loan | $ 343,698 | $ -0- | $ 343,698 | $ -0- | $ -0- |
| West Milton State Bank | 1,509,442 | -0- | 98,221 | 1,411,221 | 100,202 |
| Total | $ 1,853,140 | $ -0- | $ 441,919 | $ 1,411,221 | $ 100,202 |

Note 9 - Restricted Net Position

As of December 31, 2020, there were $494,843 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.

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, 2020 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 | $ 2,482,872 | $ - | $ - |
| Fixed Income | $ 597,275 | $ - | $ - |
| Total | $ 3,080,147 | $ - | $ - |

| | |
|---|---|
| Total Carrying Value | |
| Governmental Funds | $1,567,091 |
| Fiduciary Funds | 1,513,056 |
| | $ 3,080,147 |

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 2020. 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 2020, passed through funds received for fines/violations to the Department and also reimbursed the Department for health insurance of retired officers. During 2020, East Buffalo Township paid $1,283,420 to the Department and has payables of $92,340 due to them.

Note 12 - Fixed Assets

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| *Governmental Activities* | | | | |
| Capital Assets, Not Being Deprec. | | | | |
| Land | $419,000 | $ -0- | $ -0- | $419,000 |
| Total Capital Assets Not Being Depreciated | $419,000 | $ -0- | $ -0- | $419,000 |
| *Governmental Activities* | | | | |
| Capital Assets, Being Deprec. | | | | |
| Buildings | $2,872,403 | $ 15,533 | $ -0- | $2,887,936 |
| Vehicles | 836,222 | -0- | -0- | 836,222 |
| Equipment | 849,968 | 93,538 | -0- | 943,506 |
| Total Assets Being Deprec. | $4,558,593 | $109,071 | $ -0- | $4,667,664 |
| Less Accumulated Deprec. for: | | | | |
| Buildings | $ 584,819 | $ 95,746 | $ -0- | $680,565 |
| Vehicles | 621,872 | 50,279 | -0- | 672,151 |
| Equipment | 491,002 | 83,556 | -0- | 574,558 |
| Total Accumulated Deprec. | $1,697,693 | $229,581 | $ -0- | $1,927,274 |
| Total Capital Assets, Being Depreciated, Net | $2,860,900 | $ (120,510) | $ -0- | $2,740,390 |

Depreciation expense for the year ending December 31, 2020 is $229,581.

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, 2020 is $51,638.

The principal maturities of the note receivable is as follows:

| Governmental Activities | |
|---|---|
| Year ending December 31, | Principal |
| 2021 | 8,606 |
| 2022 | 8,606 |
| 2023 | 8,606 |
| 2024 | 8,606 |
| 2025 | 8,606 |
| 2026-2030 | 8,608 |

East Buffalo Township
Required Supplementary Information
Schedule of Changes in Net Pension Liability
December 31, 2020

Last 10 Measurement Years (if available)*

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

Last 10 Measurement Years (if available)*

| | 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 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 29,155 | $ 18,254 | $ 22,836 | $ - | $ - |
| Contributions in relation to the Actuarially Determined Contribution** | 38,123 | 39,212 | 40,590 | - | - |
| Contribution Deficiency/ (Excess) | $ (8,968) | $ (20,958) | $ (17,754) | $ - | $ - |
| Participant Payroll *** | $ 369,049 | $ 386,572 | $ 494,951 | $ 412,496 | $ 485,828 |
| Contributions as a Percentage of Covered-Employee Payroll | 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 2020 is based
upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determined the 2020 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 Small Plans

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