

EAST BUFFALO TOWNSHIP

FINANCIAL STATEMENTS
FOR THE YEAR ENDING
DECEMBER 31, 2023

East Buffalo Township

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Statement of Net Position	8
Statement of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	14
Statement of Net Position – Fiduciary Fund	15
Statement of Revenues, Expenditures and Changes in Net Position – Fiduciary Fund	16
Notes to Financial Statements	17-36
Required Supplementary Information – Schedule of Changes In Net Pension Liability	37
Required Supplementary Information – Schedule of Employer Contributions	38

INDEPENDENT AUDITOR'S REPORT

To the Township Supervisors
East Buffalo Township

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the East Buffalo Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

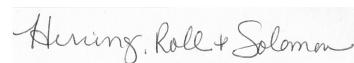
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Buffalo Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Buffalo Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



Sunbury, PA
September 12, 2024

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

This discussion and analysis of East Buffalo Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2023. 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 2022 and 2023, each using the accrual basis of accounting.

FINANCIAL HIGHLIGHTS

The Township's 2023 receipts increased 9.63%, while expenses increased 17.78%, providing for total revenues to be in excess over receipt and expenses for the 2023 fiscal year and the net position to increase by 8.20%.

The Township's General Fund increased 8.9% during 2023. 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 accounts value increased.

Total Current Assets increased 8.76% Total Assets and Deferred Outflows of Resources decreased 26.81% Total Liabilities and Deferred Inflows of Resources decreased 9.83%. The Township's Net Position increased 8.20%. The Total Net Position includes \$304,633 of restricted funds, an increase of 31.85%. 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 2023.

A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Position – Accrual Basis

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

Governmental Activities

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	\$8,163,960	\$7,560,328
Investments	\$1,804,708	\$1,547,607
Accounts Receivable	\$33,720	\$101,675
Prepaid Expenses	\$48,707	\$31,528
Total Current Assets	<u>\$10,051,095</u>	<u>\$9,241,138</u>
Fixed Assets, net of accumulated depreciation	\$4,794,106	\$4,728,260
<u>Other Assets</u>		
Note Receivable	\$34,428	\$43,035
Operating Lease Right of Use Asset	\$6,501	\$0
Pension Asset	<u>\$77,021</u>	<u>\$0</u>
OPEB Asset	<u>\$78,699</u>	<u>\$0</u>
Deferred Outflows of Resources, Pensions	<u>\$288,777</u>	<u>\$402,877</u>
Deferred Outflows of Resources, OPEB	<u>\$264,611</u>	<u>\$353,211</u>
Total Assets and Deferred Outflows of Resources	<u>\$15,595,238</u>	<u>\$14,768,521</u>
LIABILITIES		
<u>Current Liabilities</u>		
Accounts Payable	\$319,814	\$254,508
Accrued Payroll	\$26,527	\$20,942
Current Portion of Operating Lease Liabilities	\$2,012	\$0
Current Portion of Long-Term Debt	<u>\$96,868</u>	<u>\$104,557</u>
Total Current Liabilities	<u>\$443,209</u>	<u>\$380,007</u>
<u>Long-Term Liabilities</u>		
OPEB Liability	\$0	\$183,227
Pension Liability	\$0	\$72,176
Operating Lease Liabilities, non current portion	\$4,489	\$0
Long-Term Liabilities	<u>\$1,013,873</u>	<u>\$1,103,687</u>
Total Long-Term Liabilities	<u>\$1,018,362</u>	<u>\$1,359,090</u>
Deferred Inflows of Resources, Pensions	\$240,899	\$205,863
Deferred Inflows of Resources, OPEB	<u>\$211,024</u>	<u>\$179,445</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$1,915,506</u>	<u>\$2,124,405</u>
NET POSITION		
Net Investment in Capital Assets	\$3,683,365	\$3,520,016
Restricted	\$304,633	\$231,049
Unrestricted	<u>\$9,691,734</u>	<u>\$8,893,051</u>
Total Net Position	<u>\$13,679,732</u>	<u>\$12,644,116</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$15,595,238</u>	<u>\$14,768,521</u>

Changes In Fund Balance

For the year ended December 31, 2023, Fund Balance changed as follows:

	<u>Governmental Activities 2023</u>	
	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Charges for Services	\$206,122	\$242,175
Operating Grants & Contributions	1,102,941	1,052,094
Capital Grants & Contributions	-	-
General Revenues		
Earned Income Tax	1,623,062	1,538,824
Real Estate Tax	1,923,928	1,890,328
Other Taxes	719,146	717,166
Change in Pension/OPEB	141,747	526,912
Investment Income	561,879	(239,973)
Transfers	<u>-0-</u>	<u>-0-</u>
Total Revenues	<u>6,278,825</u>	<u>5,727,526</u>
Expenses		
General Government	1,145,213	1,003,258
Public Safety	1,675,129	1,431,371
Streets & Public Works	2,134,608	1,850,652
Culture & Recreation	<u>288,259</u>	<u>166,232</u>
Total Expenses	<u>5,243,209</u>	<u>4,451,513</u>
Increase (Decrease) in Net Position	<u>\$1,035,616</u>	<u>\$1,276,013</u>

The increase in tax revenue is primarily due to the increase in real estate taxes in 2023.

There was no rental income for 2022 or 2023. The increase in revenue was due to increases in Earned Income Tax, Investment Income for 2023 and due to lower bank balances, there was an increase in interest rates for 2023.

Program Revenues includes multiple state and local government sources. The increase from 2022 to 2023 can be attributed to the DCNR Park Grant for the Turtle Creek Park purchase. The remaining revenue can be attributed to the American Rescue Plan Act Fund (ARPA), Public Utility Realty Tax (PURTA); Municipal Liquid Fuels funding increased 7.37%; and the Municipal Pension System State Aid, which was 8.83% higher than the amount received in 2022.

Investment Income is associated with the investments in the Other Post-Employment Benefits (OPEB) fund. This fund had a significant gain in 2023.

Charges for Services decreased primarily because of Planning, Zoning, Subdivision and Land Development activities all due to the home loan interest rates.

General Government expenses had an increase, engineering fees associated with the Spruce Hills Park Project, Turtle Creek Park Projects, Turtle Creek Road Bridge Project and the West Market Street Streetscape Project. The most significant increase was in the Highways, Streets & Roads were the results of projects having to be bid out to outside contractors.

Public Safety increased due to an increase in contributions to the Buffalo Valley Regional Police Department and to the increase in contributions to the William Cameron Engine Company in 2023; Planning, Zoning, Subdivision and Land Development increased by 14.43%

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, 2024, the Township's budget is fairly consistent with this year. However, major infrastructure projects funding and expenditures will likely alter 2022 to 2023 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, 2023

	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,163,960	\$ 8,163,960
Investments	1,804,708	1,804,708
Accounts Receivable	33,720	33,720
Current Portion of Note Receivable	8,606	8,606
Prepaid Expenses	48,707	48,707
Total Current Assets	<u>10,059,701</u>	<u>10,059,701</u>
Fixed Assets, net of accumulated depreciation	4,794,106	4,794,106
Other Assets		
Operating Lease Right-of-Use Asset	6,501	6,501
Long-term Portion of Note Receivable	25,822	25,822
	<u>32,323</u>	<u>32,323</u>
Pension Asset	77,021	77,021
OPEB Asset	78,699	78,699
Deferred Outflows of Resources, Pensions	288,777	288,777
Deferred Outflows of Resources, OPEB	264,611	264,611
Total Assets and Deferred Outflows of Resources	<u>\$ 15,595,238</u>	<u>\$ 15,595,238</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 319,814	\$ 319,814
Accrued Payroll	26,527	26,527
Current Portion of Operating Lease Liabilities	2,012	2,012
Current Portion of long-term debt	96,868	96,868
Total Current Liabilities	<u>445,221</u>	<u>445,221</u>
Long-Term Liabilities:		
Operating Lease Liabilities, non current portion	4,489	4,489
Long-term portion of debt	1,013,873	1,013,873
Total Long-Term Liabilities	<u>1,018,362</u>	<u>1,018,362</u>
Deferred Inflows of Resources, Pensions	240,899	240,899
Deferred Inflows of Resources, OPEB	211,024	211,024
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,915,506</u>	<u>\$ 1,915,506</u>
NET POSITION		
Net Investment in Capital Assets	\$ 3,683,365	\$ 3,683,365
Restricted	304,633	304,633
Unrestricted	9,691,734	9,691,734
Total Net Position	<u>\$ 13,679,732</u>	<u>\$ 13,679,732</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 15,595,238</u>	<u>\$ 15,595,238</u>

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Functions/Programs	Expenditures	Program Receipts			Net (Expenditures) Receipts and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<i>Primary Government:</i>						
Governmental activities:						
General Government	\$ 1,145,213	\$ 86,530	\$ 114,013	\$ -	(944,670)	\$ (944,670)
Public Safety	1,675,129	115,554	-	-	(1,559,575)	(1,559,575)
Streets and Public Works	2,134,608	4,038	303,228	-	(1,827,342)	(1,827,342)
Culture and Recreation	<u>288,259</u>	<u>-</u>	<u>685,700</u>	<u>-</u>	<u>397,441</u>	<u>397,441</u>
Total Governmental Activities	<u>5,243,209</u>	<u>206,122</u>	<u>1,102,941</u>	<u>-</u>	<u>(3,934,146)</u>	<u>(3,934,146)</u>
Total Primary Government	<u>\$ 5,243,209</u>	<u>\$ 206,122</u>	<u>\$ 1,102,941</u>	<u>\$ -</u>	<u>\$ (3,934,146)</u>	<u>\$ (3,934,146)</u>
	General receipts:					
	Taxes:					
	Earned Income				1,623,062	1,623,062
	Real Estate				1,923,928	1,923,928
	Other Taxes				719,146	719,146
	Change in OPEB				141,747	141,747
	Investment Income				<u>561,879</u>	<u>561,879</u>
	Total General Receipts and Transfers				<u>4,969,762</u>	<u>4,969,762</u>
	Change in Net Position				1,035,616	1,035,616
	Net position - beginning				<u>12,644,116</u>	<u>12,644,116</u>
	Net position - ending				<u>\$ 13,679,732</u>	<u>\$ 13,679,732</u>

See accompanying notes to the basic financial statements.

East Buffalo Township
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,691,952	\$ 472,008	\$ 8,163,960
Investments	1,804,708	-	1,804,708
Accounts Receivable	32,200	1,520	33,720
Prepaid Expenses	48,707	-	48,707
	<u>48,707</u>	<u>-</u>	<u>48,707</u>
Total Assets	<u>\$ 9,577,567</u>	<u>\$ 473,528</u>	<u>\$ 10,051,095</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 314,056	\$ 5,758	\$ 319,814
Accrued Payroll	26,527	-	26,527
	<u>26,527</u>	<u>-</u>	<u>26,527</u>
Total Liabilities	<u>\$ 340,583</u>	<u>\$ 5,758</u>	<u>\$ 346,341</u>
 FUND BALANCES			
Unreserved	\$ 9,236,984	\$ 163,137	\$ 9,400,121
Reserved	-	304,633	304,633
	<u>-</u>	<u>304,633</u>	<u>304,633</u>
Total Fund Balances	<u>\$ 9,236,984</u>	<u>\$ 467,770</u>	<u>\$ 9,704,754</u>
Total Liabilities and Fund Balances	<u>\$ 9,577,567</u>	<u>\$ 473,528</u>	<u>\$ 10,051,095</u>

See accompanying notes to the basic financial statements.

East Buffalo Township
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2023

Total Fund Balances -- Governmental Funds	\$ 9,704,754
---	--------------

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 \$7,369,665, and the accumulated depreciation is \$2,575,559.	4,794,106
--	-----------

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:	34,428
--	--------

Long-term portion of pension benefits are not due and payable in the current period and are not reported as liabilities/assets in the funds	77,021
---	--------

Long-term portion of other post employment benefits are not due and payable in the current period and are not reported as liabilities/assets in the funds	78,699
---	--------

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	(1,110,741)
---------------	-------------

Deferred outflows and inflows of resources are applicable to future periods and, therefore are not reported in the funds

Deferred outflows of resources	553,388
Deferred inflows of resources	(451,923)

Total Net Position - Governmental Activities	\$ 13,679,732
--	---------------

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, 2023

	General Fund	Special Revenue	Total Governmental Funds
<u>Receipts</u>			
Taxes:			
- Real Estate	\$ 1,905,063	\$ -	\$ 1,905,063
- Fire	-	257,743	257,743
- Real Estate Transfer	223,316	-	223,316
- Earned Income	1,623,062	-	1,623,062
- LST	188,911	-	188,911
- Delinquent Real Estate	18,865	-	18,865
- Water	-	21,430	21,430
- Light	-	27,746	27,746
Licenses and Permits	57,608	-	57,608
Fines and Forfeits	3,446	-	3,446
Interest	289,240	9,314	298,554
Zoning	65,029	-	65,029
Recycling	4,038	-	4,038
Firemen's Association	-	50,525	50,525
Intergovernmental Revenues	799,713	303,228	1,102,941
Non-Revenue:			
- Other	25,176	-	25,176
- Sale of Fixed Assets	300	-	300
- Unrealized gain	263,325	-	263,325
Total Receipts	<u>5,467,092</u>	<u>669,986</u>	<u>6,137,078</u>
<u>Disbursements</u>			
General Government:			
- Legislative	63,831	-	63,831
- Executive	68,215	-	68,215
- Tax Collection	44,607	-	44,607
- Legal	70,404	-	70,404
- Secretary	87,121	-	87,121
- Engineering	98,889	-	98,889
- Building	79,704	-	79,704
Public Safety:			
- Police	1,205,263	-	1,205,263
- Fire	-	406,490	406,490
- Planning, zoning, emergency management	60,888	-	60,888
- Animal Officer	2,488	-	2,488
Public Works:			
- Streets	2,017,261	246,888	2,264,149
- Recycling	68,729	-	68,729
- Lights	-	47,403	47,403
- Sanitation	6,135	-	6,135
Culture - Recreation	277,373	44,828	322,201
Miscellaneous Expenditures:			
- Debt Principal	97,503	-	97,503
- Debt Interest	40,101	-	40,101
- Payroll Benefits	183,501	-	183,501
- Retirement Contribution	35,831	-	35,831
- Payroll Taxes	51,515	-	51,515
- Insurance	93,044	-	93,044
Total Disbursements	<u>4,652,403</u>	<u>745,609</u>	<u>5,398,012</u>
Excess (Deficit) of Receipts Over Disbursements	814,689	(75,623)	739,066
Other Financing Sources - Operating Transfers	(56,250)	56,250	-
Excess (Deficit) of Receipts Over Disbursements and Other Financing Sources	758,439	(19,373)	739,066
Fund Balance - January 1, 2023	8,478,545	487,143	8,965,688
Fund Balance - December 31, 2023	<u>\$ 9,236,984</u>	<u>\$ 467,770</u>	<u>\$ 9,704,754</u>

See accompanying notes to the basic financial statement.

East Buffalo Township
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Total net change in fund balance - governmental funds	\$	739,066
---	----	---------

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	(230,790)	
Capital Outlays	<u>296,636</u>	65,846

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.		97,503
--	--	--------

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	35,831	
Cost of benefits earned, net of employee contributions	(35,771)	

Other post-employment benefit expense does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>141,747</u>
---	--	----------------

		<u>141,807</u>
Change in net position of governmental activities	\$	<u><u>1,035,616</u></u>

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, 2023

	General Fund		
<u>Receipts</u>	Original and		
Taxes:	Final Budget	Actual	Variance
- Real Estate	\$ 1,957,684	\$ 1,905,063	\$ (52,621)
- Real Estate Transfer	235,000	223,316	(11,684)
- Earned Income	1,500,000	1,623,062	123,062
- LST	190,000	188,911	(1,089)
- Delinquent Real Estate	90,442	18,865	(71,577)
Licenses and Permits	72,410	57,608	(14,802)
Fines and Forfeits	5,200	3,446	(1,754)
Interest	35,000	289,240	254,240
Zoning	57,000	65,029	8,029
Recycling	3,550	4,038	488
Intergovernmental Revenues	1,004,024	799,713	(204,311)
Miscellaneous Revenue:			
- Sale of Fixed Assets	25,000	300	(24,700)
- Unrealized Gain	-	263,325	263,325
- General Miscellaneous	14,840	25,176	10,336
Total Receipts	5,190,150	5,467,092	276,942
<u>Disbursements</u>			
General Government:			
- Legislative	46,815	63,831	17,016
- Executive	68,560	68,215	(345)
- Tax Collection	45,900	44,607	(1,293)
- Legal	55,000	70,404	15,404
- Secretary	73,155	87,121	13,966
- Engineering	42,000	98,889	56,889
- Building	83,550	79,704	(3,846)
Public Safety:			
- Police	1,218,268	1,205,263	(13,005)
- Planning, Zoning, Emergency Management	65,265	60,888	(4,377)
- Animal Officer	4,875	2,488	(2,387)
Public Works - Streets			
- Streets	2,442,001	2,017,261	(424,740)
- Recycling	35,000	68,729	33,729
- Sanitation	3,000	6,135	3,135
Culture - Recreation	559,364	277,373	(281,991)
Miscellaneous Expenditures:			
- Debt Principal	98,398	97,503	(895)
- Debt Interest	41,135	40,101	(1,034)
- Payroll Benefits and Taxes	347,311	270,847	(76,464)
- Insurance	93,000	93,044	44
Total Disbursements	5,322,597	4,652,403	(670,194)
Excess (Deficiency) of Receipts over Disbursements	(132,447)	814,689	947,136
Other Financing Sources - Operating Transfers out	(562,500)	(56,250)	506,250
Excess of Disbursements over Receipts and Other Financing Sources	\$ (694,947)	\$ 758,439	\$ 1,453,386
Fund Balance - January 1, 2023		8,478,545	
Fund Balance - December 31, 2023		<u>\$ 9,236,984</u>	

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2023

	<u>Pension Fund</u>
<u>Assets</u>	
Investments	<u>\$ 1,653,218</u>
Total Assets	<u><u>\$ 1,653,218</u></u>
 <u>Net Position</u>	
Net Position (restricted)	<u>\$ 1,653,218</u>
 Total Net Position	<u><u>\$ 1,653,218</u></u>

See accompanying notes to the basic financial statements.

East Buffalo Township
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2023

	Pension Fund
<u>Receipts</u>	
Pension Contributions	<u>\$ 35,831</u>
Total Receipts	<u>35,831</u>
 <u>Disbursements</u>	
Management Fees	5,958
Pension Benefits	<u>62,265</u>
Total Disbursements	<u>68,223</u>
Excess (Deficiency) of Receipts over Disbursements	(32,392)
 Other Financing Uses	
Securities Appreciation	<u>230,345</u>
Total Other Financing Uses	230,345
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	197,953
Net Position - January 1, 2023	<u>1,455,265</u>
Net Position - December 31, 2023	<u><u>\$ 1,653,218</u></u>

See accompanying notes to the basic financial statements.

East Buffalo Township
Notes to Financial Statements
December 31, 2023

Note 1 - Organization and Summary of Significant Accounting Policies

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

The financial statements of East Buffalo Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. *Reporting Entity*

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

B. *Fund Accounting*

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

C. *Basis of Presentation*

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

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The township does not have any proprietary funds.

The Township reports the following major governmental funds:

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

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

D. *Budgetary Data*

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

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

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

E. Capital Assets

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

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

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

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

F. Use of Estimates

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

G. GASB Statement No.68

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

H. GASB Statement No. 75

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

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

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

I. Adoption of New Accounting Standards

In December 2019, the Governmental Accounting Standards Board (GASB) issued GASB 87, Leases. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

In accordance with GASB 87, at the inception of an arrangement, the Township determines whether the arrangement is or contains a lease based on the unique facts and circumstances present and the classification of the lease including whether the contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Leases with a term greater than one year are recognized on the balance sheet as ROU assets, lease liabilities and, if applicable, long-term lease liabilities.

The Township adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

J. Subsequent Events

Management has evaluated subsequent events through September 12, 2024, the date on which the financial statements were available to be issued.

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

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, 2023. The categories of custodial credit risk are defined as follows:

- Category 1 --* Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Township (or public trust) or by its agent in its name.
- Category 2 -* Uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the Township's name.
- Category 3 -* Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Township's name; or properly collateralized with no written and approved collateral agreement.

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

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

Primary Government

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total Carrying Value</u>
Insured deposits	\$ 500,000	\$500,000	\$ -0-	\$-0-	\$ 500,000
Uninsured deposits:					
Collateralized	7,900,969	-0-	7,900,969	-0-	\$7,663,960
Uncollateralized	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Deposits	<u>\$8,400,969</u>	<u>\$500,000</u>	<u>\$7,900,969</u>	<u>\$-0-</u>	<u>\$8,163,960</u>

Reconciliation to Statement of Net Position and Fiduciary Fund:

Cash and cash equivalents	\$8,163,960
Outstanding checks	<u>237,009</u>
Total Bank Balance	<u>\$8,400,969</u>

Note 4 - Property Taxes – Real Estate

Property taxes, which are 3.7 mills, fire protection .50 mills, street light .05 mills and fire hydrant .06 mills, are billed on March 1 and are payable under the following terms: 2% discount February 1 through March 31; face amount April 1 through May 31, and a 10% penalty on June 1. The Township employs an elected tax collector to collect the property tax levied. Tax collectors remit Township tax collections at least monthly and are paid \$3.50 per tax bill issued. Tax revenues are recognized when received rather than when taxes are billed.

Note 5 - Postemployment Benefits Other Than Pensions

Plan Description:

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

Eligibility for Benefits:

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

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

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

Benefits:

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

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

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

Plan Membership:

At January 1, 2022, the Plan's membership consisted of the following:

	<u>Non-Uniformed</u>	<u>Uniformed</u>
Active Participants	3	2
Retired Participants	<u>6</u>	<u>6</u>
Total	9	8

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, 2022 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 4.00% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023.

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions and Other Inputs: (Continued)

Salary

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

Retiree Contributions

There are no retiree contributions.

Health Care Cost Trend Rate

6.5% in 2022. 7.0% in 2023, 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

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, 2022.

Mortality

Non-Uniformed: PubG-2010 headcount-weighted mortality table, including rates for contingent survivors.

Uniformed: PubS-2010 headcount-weighted mortality table, including rates for contingent survivors.

Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

For the year ended December 31, 2023, the Township recognized the following OPEB Expense:

	Non-Uniformed	Uniformed	Total
<u>OPEB Expense</u>			
Service Cost	\$ 8,813	\$ 8,467	\$ 17,280
Interest on Total OPEB Liability	55,958	69,620	125,578
Expected Investment Income	(50,621)	(65,216)	(115,837)
Amortization of Deferred Outflows	12,862	75,738	88,600
Amortization of Deferred Inflows	(71,745)	(55,719)	(127,464)
Administrative Expense	2,720	3,504	6,224
Total OPEB Expense	<u>\$ (42,013)</u>	<u>\$ 36,394</u>	<u>\$ (5,619)</u>

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

Changes in Net Pension Liability

The following table shows the changes in the Non-Uniformed net pension liability as of the measurement date of January 1, 2023:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Total OPEB Liability</u>			
Balances at 12/31/2022	\$756,382	\$974,452	\$1,730,834
Service Cost	8,813	8,467	17,280
Interest	55,958	69,620	125,578
Changes in Benefit Terms	-	-	-
Changes of Assumptions	(15,555)	7,107	(8,448)
Differences between expected and actual experience	-	-	-
Benefit Payments	(35,237)	(100,891)	(136,128)
Balances at 12/31/2023	\$770,361	\$958,755	\$1,729,116
<u>Plan Fiduciary Net Position</u>			
Balances at 12/31/2022	\$676,311	\$871,296	\$1,547,607
Contributions-Employer	35,237	100,891	136,128
Contributions- Employee	-	-	-
Net Investment Income	131,832	134,600	266,432
Benefit Payments	(35,237)	(100,891)	(136,128)
Administrative Expense	(2,720)	(3,504)	(6,224)
Balances at 12/31/2023	\$805,423	\$1,002,392	\$1,807,815
Net OPEB Liability (Asset)	<u>\$(35,062)</u>	<u>\$(43,637)</u>	<u>\$(78,699)</u>

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:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Net OPEB Liability (Asset)</u>			
1% Increase	\$64,880	\$23,925	\$88,805
Current Rates	(35,062)	(43,637)	(78,699)
1% Decrease	(120,288)	(105,954)	(226,242)

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 5 - Postemployment Benefits Other Than Pensions (Continued)

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

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

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Net OPEB Liability (Asset)</u>			
1% Increase (8.50%)	\$(105,548)	\$(89,502)	\$(195,050)
Current Discount Rate (7.50%)	(35,062)	(43,637)	(78,699)
1% Decrease (6.50%)	47,160	5,960	53,120

For the year ended December 31, 2023, the Township reported deferred outflows and inflows of resources related to OPEB as follows:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Difference between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	51,269	213,342	264,611
Total Deferred Outflows	<u>\$51,269</u>	<u>\$213,342</u>	<u>\$264,611</u>

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>			
Difference between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	99,159	111,865	211,024
Total Deferred Inflows	<u>\$99,159</u>	<u>\$111,865</u>	<u>\$211,024</u>

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

Year Ended -			
December 31, 2024	\$ (18,386)	\$ 20,076	\$ 1,690
December 31, 2025	(14,110)	38,040	23,930
December 31, 2026	849	57,237	58,086
December 31, 2027	(16,243)	(13,876)	(30,119)
December 31, 2028	-	-	-
Thereafter	-	-	-

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans

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

The following disclosures are provided from the most recent actuarial reports dated January 1, 2023, supplied to the Township by Conrad Siegel Actuaries.

A. Summary of Actuarial Data as of January 1, 2023:

1.	Actuarial present value of future benefits:	\$2,077,759
2.	Actuarial present value of future normal cost:	\$ 552,169
3.	Actuarial accrued liability (Item 1-2):	\$1,525,590
4.	Actuarial value of assets:	\$1,583,895
5.	Unfunded Actuarial Accrued Liability (Item 3-4): (Actuarial value of assets in excess of actuarial accrued liability).	\$ (58,305)
6.	Normal cost (employer and employee), excluding administrative expenses:	\$ 38,836
7.	Normal cost as a percentage of annual covered payroll:	7.8%
8.	Annual covered payroll:	\$ 497,607
9.	Average administrative expenses:	\$ 2,902
10.	Actual or estimated member contributions:	\$ -0-
11.	Net assets available for benefits (market value):	\$1,455,265

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans (Continued)

B. Presentation of Benefit Plan Provisions

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

Monthly benefit equals 0.5% of average monthly pay, times the number of years of service. Minimum monthly pension benefit of \$400. Average monthly pay is equal to highest consecutive 3 calendar years of pay out of the last 5 years of pay before retirement.
5. Survivor Benefit:
A death benefit is payable to a participant's surviving spouse in an amount equal to 50% of the vested accrued benefit at the time of death.
6. Member Contributions: none

C. Other Disclosures:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial 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%
01/01/21	1,514,363	1,442,762	(71,601)	105.0%	369,049	(19.4)%
01/01/23	1,455,265	1,525,590	70,325	95.4%	497,607	14.1%

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans (Continued)

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

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

Plan Membership

The plan covers all full time employees of the Township who complete 35 hours per week. As of December 31, 2023, pension plan membership consisted of the following:

Active employees	11
Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	<u>4</u>
Total	<u><u>23</u></u>

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

At December 31, 2023, the components of the net pension liability for the plan was as follows:

Total Pension Liability	\$ 1,578,826
Plan Fiduciary Net Position	<u>(1,655,847)</u>
Net Pension Liability/(Asset)	<u><u>\$ (77,021)</u></u>

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

Plan fiduciary net position as a percentage of the total pension liability is 104.88%

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2023.

	<u>Increase/(Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances at 12/31/2022	\$1,527,441	\$1,455,265	\$ 72,176
Changes for the year:			
Service Cost	38,836	-	38,836
Interest Cost	76,665	-	76,665
Changes in Benefit Terms	-	-	-
Changes for Experience	(1,851)	-	(1,851)
Changes of Assumptions	-	-	-
Contributions – Employer	-	35,831	(35,831)
Contributions – Member	-	-	-
Net Investment Income	-	227,016	(227,016)
Benefit Payments	(62,265)	(62,265)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Balances at 12/31/2023	\$1,578,826	\$1,655,847	\$ (77,021)

For the year ended December 31, 2023, the Township recognized pension expense of \$35,771 for the Pension Plan. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -0-	\$ 40,736
Changes in assumptions	73,441	-0-
Net difference between projected and actual investment earnings	<u>215,335</u>	<u>200,163</u>
	<u>\$ 288,776</u>	<u>\$ 240,899</u>

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans (Continued)

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

Year ended December 31:	
2024	\$ 20,729
2025	18,392
2026	40,529
2027	(31,247)
2028	(265)
Thereafter	(261)

Actuarial Assumptions

An actuarial valuation of the net pension liability is performed biennially. The net pension liabilities as of December 31, 2023 were determined as part of the actuarial valuations at January 1, 2022. Update procedures were used to roll forward January 1, 2022 liabilities to the plan year ending December 31, 2023.

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	Smoothed value with a corridor of 80% to 120% of market value.
Discount Rate	5.00%
Inflation	3.0%
Salary increases	5.00%
COLA increases	5.0%
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 6 - Pension Plans (Continued)

Investment Policy Summary

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

The following summarizes the long-term expected rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2023:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Net Pension Liability Sensitivity

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

	<u>1% Decrease 4.00%</u>	<u>Current Discount Rate 5.00%</u>	<u>1% Increase 6.00%</u>
Net Pension Liability/(Asset)	\$ 119,051	\$(77,021)	\$ (241,915)

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 7 - Leases

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

Lease cost recognized in the statement of activities is as follows:

Amortization of lease assets	\$2,012
Interest on lease liabilities	<u>488</u>
Finance lease cost	<u>\$2,500</u>

The maturities of financing lease liabilities as of December 31, 2023 are as follows:

	Years Ending December 31,	
	2024	\$2,500
	2025	2,500
	2026	<u>2,500</u>
		7,500
Less amount representing interest		<u>(999)</u>
Present value of future minimum lease payments		6,501
Less current maturities		<u>(2,012)</u>
Long-term lease liabilities		<u>\$ 4,489</u>

Note 8 - Notes Payable

Notes payable consist of the following:

Governmental
Activities

Note payable to Susquehanna Community Bank with
An original amount of \$1,836,184 and an interest
Rate of 4.584%. The monthly payment amount is
\$12,146.50.

\$1,110,741

\$ 1,110,741

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 8 - Notes Payable (Continued)

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

Year ending December 31,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	96,868	48,890
2025	101,403	44,355
2026	106,150	39,608
2027	111,120	34,638
2028	116,322	29,436
2029-2033	578,878	61,297

Changes in Long-Term Debt:

<u>Description</u>	<u>Amount Outstanding 1/1/23</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding 12/31/23</u>	<u>Due Within One Year</u>
Susque. Comm. Bank	<u>1,208,244</u>	<u>-0-</u>	<u>97,503</u>	<u>1,110,741</u>	<u>96,868</u>
Total	<u>\$ 1,208,244</u>	<u>\$ -0-</u>	<u>\$ 97,503</u>	<u>\$ 1,110,741</u>	<u>\$ 96,868</u>

Note 9 - Restricted Net Position

As of December 31, 2023, there were \$304,633 in restricted net position which consisted of assets held in the Highway Aid Fund and the DCNR Fairground grant.

Note 10 - Investments

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

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 10 - Investments (Continued)

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

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

Investments at December 31, 2023 consist of fixed income and equity securities which are classified as Level 1 under the Fair Value Hierarchy (Level 1 inputs are quoted prices for identical assets in active markets) and are summarized as follows:

	Level 1	Fair Value Level 2	Level 3
Mutual Funds	\$ 3,457,926	\$ -	\$ -
Total	<u>\$ 3,457,926</u>	<u>\$ -</u>	<u>\$ -</u>

Total Carrying Value	
Governmental Funds	\$1,804,708
Fiduciary Funds	<u>1,653,218</u>
	<u>\$ 3,457,926</u>

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

Note 11 - Related Parties

The Township entered into related party transactions with the Buffalo Valley Regional Police Department during 2023. 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 2023, passed through funds received for fines/violations to the Department and also reimbursed the Department for health insurance of retired officers. During 2023, East Buffalo Township paid \$1,202,677 to the Department and has payables of \$92,006 due to them.

East Buffalo Township
Notes to Financial Statements
December 31, 2023
(Continued)

Note 12 - Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital Assets, Not Being Deprec.				
Land	\$1,379,745	\$ -0-	\$ -0-	\$1,379,745
Construction in Progress	<u>536,311</u>	<u>44,828</u>	<u>-0-</u>	<u>581,139</u>
Total Capital Assets Not Being Depreciated	<u>\$1,916,056</u>	<u>\$44,828</u>	<u>\$ -0-</u>	<u>\$1,960,884</u>
<i>Governmental Activities</i>				
Capital Assets, Being Deprec.				
Buildings	\$3,077,932	\$ -0-	\$ -0-	\$3,077,932
Vehicles	1,155,735	-0-	-0-	1,155,735
Equipment	<u>923,306</u>	<u>251,808</u>	<u>-0-</u>	<u>1,175,114</u>
Total Assets Being Deprec.	<u>\$5,156,973</u>	<u>\$251,808</u>	<u>\$ -0-</u>	<u>\$5,408,781</u>
Less Accumulated Deprec. for:				
Buildings	\$ 877,674	\$103,737	\$ -0-	\$981,411
Vehicles	794,243	53,386	-0-	847,629
Equipment	<u>672,852</u>	<u>73,667</u>	<u>-0-</u>	<u>746,519</u>
Total Accumulated Deprec.	<u>\$2,344,769</u>	<u>\$230,790</u>	<u>\$ -0-</u>	<u>\$2,575,559</u>
Total Capital Assets, Being Depreciated, Net	<u>\$2,812,204</u>	<u>\$ 21,018</u>	<u>\$ -0-</u>	<u>\$2,833,222</u>

Depreciation expense for the year ending December 31, 2023 is \$230,790.

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, 2023 is \$34,428.

The principal maturities of the note receivable is as follows:

<u>Governmental Activities</u>	
Year ending December 31,	
	<u>Principal</u>
2024	8,606
2025	8,606
2026	8,606
2027	8,610

East Buffalo Township
Required Supplementary Information
Schedule of Changes in Net Pension Liability
December 31, 2023

Last 10 Measurement Years (if available)*

	Measurement Year Ending 12/31/2023	Measurement Year Ending 12/31/2022	Measurement Year Ending 12/31/2021	Measurement Year Ending 12/31/2020	Measurement Year Ending 12/31/2019	Measurement Year Ending 12/31/2018	Measurement Year Ending 12/31/2017	Measurement Year Ending 12/31/2016
<u>Total Pension Liability</u>								
Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service cost (beginning of year)	38,836	26,331	25,077	35,333	33,650	31,351	29,858	20,239
Interest (includes interest on service cost)	76,665	74,145	72,049	79,436	75,827	69,558	66,232	64,500
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,851)	-	(90,062)	-	(18,739)	-	(19,938)	-
Changes of assumptions	-	-	155,608	-	67,199	-	208,031	-
Transfers	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(62,265)	(59,222)	(53,701)	(52,310)	(49,706)	(44,648)	(39,676)	(37,496)
Net change in total pension liability	51,385	41,254	108,971	62,459	108,231	56,261	244,507	47,243
Total Pension Liability - beginning	1,527,441	1,486,187	1,377,216	1,314,757	1,206,526	1,150,265	905,758	858,515
Total Pension Liability - ending	\$ 1,578,826	\$ 1,527,441	\$ 1,486,187	\$ 1,377,216	\$ 1,314,757	\$ 1,206,526	\$ 1,150,265	\$ 905,758
<u>Plan fiduciary net position</u>								
Contributions - employer	\$ 35,831	\$ 37,000	\$ 37,260	\$ 38,123	\$ 39,212	\$ 40,590	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-
Investment income	227,016	(271,975)	251,540	113,199	214,183	(63,130)	129,986	107,400
Transfers	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(62,265)	(59,222)	(53,701)	(52,310)	(49,706)	(44,648)	(39,676)	(37,496)
Administrative expense	-	-	-	-	-	-	-	-
Additional Administrative expense	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	200,582	(294,197)	235,099	99,012	203,689	(67,188)	90,310	69,904
Plan fiduciary net position - beginning	1,455,265	1,749,462	1,514,363	1,415,351	1,211,662	1,278,850	1,188,540	1,118,636
Plan fiduciary net position - ending	\$ 1,655,847	\$ 1,455,265	\$ 1,749,462	\$ 1,514,363	\$ 1,415,351	\$ 1,211,662	\$ 1,278,850	\$ 1,188,540
Net pension liability/(asset) - ending	\$ (77,021)	\$ 72,176	\$ (263,275)	\$ (137,147)	\$ (100,594)	\$ (5,136)	\$ (128,585)	\$ (282,782)
 Plan fiduciary net position as a percentage of the total pension liability	 104.9%	 95.3%	 117.7%	 110.0%	 107.7%	 100.4%	 111.2%	 131.2%
Covered-employee payroll	\$ 548,856	\$ 517,607	\$ 428,852	\$ 369,049	\$ 386,572	\$ 494,951	\$ 412,496	\$ 485,828
Net pension liability as a percentage of covered-employee payroll	-14.03%	13.94%	-61.39%	-37.16%	-26.02%	-1.04%	-31.17%	-58.21%

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

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

East Buffalo Township
Required Supplementary Information
Schedule of Employer Contributions
December 31, 2023

Last 10 Measurement Years (if available)*

	<u>Measurement Year Ending 12/31/2023</u>	<u>Measurement Year Ending 12/31/2022</u>	<u>Measurement Year Ending 12/31/2021</u>	<u>Measurement Year Ending 12/31/2020</u>	<u>Measurement Year Ending 12/31/2019</u>	<u>Measurement Year Ending 12/31/2018</u>	<u>Measurement Year Ending 12/31/2017</u>	<u>Measurement Year Ending 12/31/2016</u>
Actuarially Determined Contribution	\$ 35,177	\$ 36,494	\$ 32,931	\$ 29,155	\$ 18,254	\$ 22,836	\$ -	\$ -
Contributions in relation to the Actuarially Determined Contribution**	<u>35,831</u>	<u>37,000</u>	<u>37,260</u>	<u>38,123</u>	<u>39,212</u>	<u>40,590</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/ (Excess)	<u>\$ (654)</u>	<u>\$ (506)</u>	<u>\$ (4,329)</u>	<u>\$ (8,968)</u>	<u>\$ (20,958)</u>	<u>\$ (17,754)</u>	<u>\$ -</u>	<u>\$ -</u>
Participant Payroll ***	\$ 548,856	\$ 517,607	\$ 428,852	\$ 369,049	\$ 386,572	\$ 494,951	\$ 412,496	\$ 485,828
Contributions as a Percentage of Covered-Employee Payroll	6.53%	7.15%	8.69%	10.33%	10.14%	8.20%	0.00%	0.00%

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

Notes to the Schedule:

Valuation Date: Actuarially determined contribution rates are calculated biennially.
Therefore, the Actuarially Determined Contribution for calendar year 2023 is based
upon the January 1, 2021 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2022 contribution rates:

- Actuarial Cost Method- Entry Age Normal
- Amortization Method: Level dollar closed
- Asset valuation method: Smoothed value with a corridor of 80% to 120% of market value
- Discount Rate: 5.00%
- Inflation: 3.0%
- Salary increases: 5.00%
- COLA increases: 5.0%
- Mortality: PubG-2010 mortality table

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



Randall G. Herring, CPA (1980-2015)
William J. Roll, CPA
Courtney M. Solomon, CPA
Seth M. Heintzelman, CPA

Members of American and Pennsylvania Institute of Certified Public Accountants

• • •

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

To the Township Supervisors
East Buffalo Township
Lewisburg, Pennsylvania

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Buffalo Township as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered East Buffalo Township's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Buffalo Township's internal control. Accordingly, we do not express an opinion on the effectiveness of East Buffalo Township's internal control.

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

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

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

A handwritten signature in cursive script that reads 'Herring, Roll & Solomon'.

September 12, 2024

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

September 12, 2024

To the Township Supervisors
East Buffalo Township

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Buffalo Township for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by East Buffalo Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by East Buffalo Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 12, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Seth Heintzelman".

Seth M Heintzelman, CPA

East Buffalo Township
Lewisburg, PA
Summary Financial Report
Year Ended December 31, 2023

General Fund:

Balance - January 1, 2023	\$ 8,478,545
Receipts	<u>5,467,092</u>
Subtotal	13,945,637
Disbursements	<u>(4,708,653)</u>
Balance - December 31, 2023	<u><u>\$ 9,236,984</u></u>

Special Revenue Fund:

Balance - January 1, 2023	\$ 487,143
Receipts	<u>726,236</u>
Subtotal	1,213,379
Disbursements	<u>(745,609)</u>
Balance - December 31, 2023	<u><u>\$ 467,770</u></u>

Pension Fund:

Balance - January 1, 2023	\$ 1,455,265
Receipts	<u>266,176</u>
Subtotal	1,721,441
Disbursements	<u>(68,223)</u>
Balance - December 31, 2023	<u><u>\$ 1,653,218</u></u>

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