

East Buffalo Township

Lewisburg, Pennsylvania

Independent Auditor's Report, Financial
Statements, Supplemental Schedules and
Internal Control over Financial Reporting
For the Year Ended December 31, 2025

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Independent Auditor's Report

To the Township Supervisors
East Buffalo Township
Lewisburg, Pennsylvania

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 (the "Township"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Township, as of December 31, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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

The Township's 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 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 GAAS and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 and other required supplementary information, as listed in the table of contents, 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 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.

Klaczik & Associates PC

Shamokin, Pennsylvania

April 1, 2026

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

This discussion and analysis of East Buffalo Township's financial performance provide an overview of the Township's financial activities for the fiscal year ended December 31, 2025. 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 few 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 include the fiscal years 2024 and 2025, each using the accrual basis of accounting.

FINANCIAL HIGHLIGHTS

The Township's 2025 receipts increased 1.23%, while expenses increased 23.14%, providing for total expense to be in excess over receipt and expenses to increase for the 2025 fiscal year and the net position to decrease by 231.96%.

The Township's General Fund decreased 1.36% during 2025. 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 decreased 1.83%. Total Assets and Deferred Outflows of Resources decreased 3.42%. Total Liabilities and Deferred Inflows of Resources increased 9.29%. The Township's Net Position decreased 4.97%. The Total Net Position includes \$364,242 of restricted funds, a decrease of 17.96%. 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 are 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) provide 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 an 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 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 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 2025.

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 in government-wide reporting.

Governmental Activities

	<u>31-Dec-25</u>	<u>31-Dec-24</u>
ASSETS AND DEFERRED OUTLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$7,932,156	\$8,389,054
Investments	\$2,243,417	\$1,974,654
Accounts Receivable	\$38,143	\$35,372
Current Portion of Note Receivable	\$8,606	\$8,606
Prepaid Expenses	\$28,212	\$34,157
TOTAL CURRENT ASSETS	\$10,250,534	\$10,441,843
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		
Long-term Portion of Note Receivable	\$8,607	\$17,213
Capital Assets, Net of Accumulated Depreciation	\$4,096,918	\$4,817,640
Right-of Use Asset	\$55,027	\$61,905
TOTAL FIXED ASSETS	\$4,160,551	\$4,896,758
DEFERRED OUTLOWS OF RESOURCES		
Pension Asset	\$500,172	\$196,479
OPEB Asset	\$431,209	\$164,756
Deferred Outflows of Resources, Pensions	\$71,777	\$174,676
Deferred Outflows of Resources, OPEB	\$88,205	\$176,408
Total Deferred Outflows of Resources	\$1,091,363	\$712,319
TOTAL ASSETS AND DEFERRED OUTLOWS OF RESOURCES	\$15,502,448	\$16,050,920
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$305,014	\$215,508
Accrued Taxes	\$26,511	\$26,511
Long-Term Liabilities		
Due Within One Year		
Current Portion of Operating Lease Liability	\$6,365	\$6,180
Current Portion of Long-Term Debt	\$100,392	\$100,392
Due in More than One Year		
Operating Lease Liability	\$50,238	\$56,603
Long-Term Portion of Debt	\$821,037	\$921,429
TOTAL LIABILITIES	\$1,309,557	\$1,326,623
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources, Pensions	\$345,580	\$225,554
Deferred Inflows of Resources, OPEB	\$251,381	\$192,261
Total Deferred Inflows of Resources	\$596,961	\$417,815
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$1,906,518	\$1,744,438
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$3,173,913	\$3,794,940
Restricted	\$364,242	\$444,005
Unrestricted	\$10,057,775	\$10,067,537
TOTAL NET POSITION	\$13,595,930	\$14,306,482

Changes In Fund Balance

For the year ended December 31, 2025, Fund Balance changed as follows:

	<u>Governmental Activities 2025</u>	
	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues		
Charges for Services	\$210,702	\$122,472
Operating Grants & Contributions	253,771	667,796
Capital Grants & Contributions	-	-
General Revenues		
Earned Income Tax	1,675,309	1,608,128
Real Estate Tax	2,857,758	2,517,832
Other Taxes	216,723	204,476
Licenses and Permits	69,518	69,286
Fines and Forfeits	3,535	3,700
Interest & Rents	602,509	595,028
Miscellaneous Receipts	456,322	480,566
Change in Pension/OPEB	0	0
Investment Income	0	0
Total General Receipts and Transfers	<u>6,346,146</u>	<u>6,269,284</u>
Expenses		
General Government	1,641,060	885,003
Public Safety	1,725,438	1,596,224
Streets & Public Works	2,755,942	2,164,441
Public Works - Sanitation	36,123	60,359
Culture & Recreation	456,845	630,863
Employee Benefits & Withholdings	401,908	387,376
Interest on Long-Term Debt	39,382	6,576
Total Expenses	<u>7,056,698</u>	<u>5,730,842</u>
Increase (Decrease) in Net Position	<u><u>\$(710,552)</u></u>	<u><u>\$538,442</u></u>

The increase in tax revenue is primarily due to the increase in real estate taxes in 2025.

There was no rental income for 2024 or 2025. The increase in revenue was due to an increase in Earned Income, Real Estate Taxes for 2025 and Transfer Realty Tax, there was an increase in interest rates for 2025.

Program Revenues includes multiple state and local government sources. The increase from 2024 to 2025 can be attributed to the DCNR Park Grant for the Spruce Hills Park project and Turtle Creek Park. The remaining revenue can be attributed to the Public Utility Realty Tax (PURTA); Municipal Liquid Fuels funding increased 0.93%; and the Municipal Pension System State Aid, which was 16.39% higher than the amount received in 2024.

Investment Income is associated with the investments in the Other Post-Employment Benefits (OPEB) fund. This fund had a significant gain in 2025.

Charges for Services increased 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 Streetscape Project. The most significant increase was in the Highways, Streets & Roads, and 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 2025; Planning, Zoning, Subdivision and Land Development decreased by 14.45%

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, 2026, the Township's budget is fairly consistent with this year. However, major infrastructure projects funding and expenditures will likely alter 2025 to 2026 variances for overall revenues and expenses.

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

This report is designed to provide citizens and taxpayers, customers, 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, 2025

	Governmental Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,932,156	\$ 7,932,156
Investments	2,243,417	2,243,417
Accounts Receivable	38,143	38,143
Current Portion of Note Receivable	8,606	8,606
Prepaid Expenses	28,212	28,212
TOTAL CURRENT ASSETS	10,250,534	10,250,534
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		
Long-term Portion of Note Receivable	8,607	8,607
Capital Assets, Net of Accumulated Depreciation	4,096,918	4,096,918
Right-of-Use Asset	55,027	55,027
TOTAL FIXED ASSETS	4,160,551	4,160,551
DEFERRED OUTFLOWS OF RESOURCES		
Pension Asset	500,172	500,172
OPEB Asset	431,209	431,209
Deferred Outflows of Resources, Pensions	71,777	71,777
Deferred Outflows of Resources, OPEB	88,205	88,205
Total Deferred Outflows of Resources	1,091,363	1,091,363
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	15,502,448	15,502,448
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable	305,014	305,014
Accrued Taxes	26,511	26,511
Long-Term Liabilities:		
Due Within One Year:		
Current Portion of Operating Lease Liability	6,365	6,365
Current Portion of Long Term Debt	100,392	100,392
Due in More than One Year		
Operating Lease Liability	50,238	50,238
Long Term Portion of Debt	821,037	821,037
TOTAL LIABILITIES	1,309,557	1,309,557
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources, Pensions	345,580	345,580
Deferred Inflows of Resources, OPEB	251,381	251,381
Total Deferred Inflows of Resources	596,961	596,961
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,906,518	1,906,518
NET POSITION		
Invested in Capital Assets, Net of Related Debt	3,173,913	3,173,913
Restricted	364,242	364,242
Unrestricted	10,057,775	10,057,775
TOTAL NET POSITION	\$ 13,595,930	\$ 13,595,930

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

EAST BUFFALO TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Total	
Primary Governmental Activities						
General Government	\$ 1,641,060	\$ 148,143	\$ 249,737	\$ (1,243,180)	\$ (1,243,180)	
Public Safety	1,725,438	58,110	4,034	(1,663,294)	(1,663,294)	
Streets and Public Works - Highway & Streets	2,755,942	4,449	-	(2,751,493)	(2,751,493)	
Public Works - Sanitation	36,123	-	-	(36,123)	(36,123)	
Culture and Recreation	456,845	-	-	(456,845)	(456,845)	
Employee Benefits & Withholdings	401,908	-	-	(401,908)	(401,908)	
Interest on Long-Term Debt	39,382	-	-	(39,382)	(39,382)	
Total Primary Government	\$ 7,056,698	\$ 210,702	\$ 253,771	\$ (6,592,225)	\$ (6,592,225)	
General Revenues and Transfers						
Taxes:						
Real Estate Taxes				2,857,758	2,857,758	
Local Income Tax				1,675,309	1,675,309	
Other General Purpose Taxes				216,723	216,723	
Licenses and Permits				69,518	69,518	
Fines and Forfeits				3,535	3,535	
Interest & Rents				602,509	602,509	
Miscellaneous Receipts				456,322	456,322	
Total General Revenues and Transfers				5,881,673	5,881,673	
Change in Net Position				(710,552)	(710,552)	
Net Position - Beginning January 1, 2025				14,306,482	14,306,482	
Net Position - Ending December 31, 2025				\$ 13,595,930	\$ 13,595,930	

EAST BUFFALO TOWNSHIP
 Balance Sheet
 Governmental Funds
 December 31, 2025

	General Fund	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,375,535	\$ 556,621	\$ 7,932,156
Investments	2,243,417	-	2,243,417
Accounts Receivable	37,632	511	38,143
Prepaid Expenses	28,212	-	28,212
TOTAL ASSETS	\$ 9,684,796	\$ 557,132	\$ 10,241,928
LIABILITIES AND FUND BALANCES			
Accounts Payable	299,692	5,322.00	305,014
Accrued Salaries and Benefits	26,511	-	26,511
TOTAL LIABILITIES	326,203	5,322	331,525
FUND BALANCES			
Unreserved	9,358,594	364,242	9,722,836
Reserved	-	187,567	187,567
TOTAL FUND BALANCES	9,358,594	551,809	9,910,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,684,796	\$ 557,131	\$ 10,241,928

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

EAST BUFFALO TOWNSHIP
 Reconciliation of the Balance Sheet
 To the Statement of Net Position - Governmental Funds
 December 31, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 9,910,402
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reporting in the governmental activities of the statement of net position.</p>		4,096,918
<p>Notes Receivable are applicable to the Township's governmental activities and are not receivable in the current period and accordingly are not reported as fund assets.</p>		17,213
<p>Right to Use Lease Asset used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reporting in the governmental activities of the statement of net position.</p>		55,027
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of December 31, 2025.</p>		
<p>Long-Term Debt</p>	\$ (921,429)	
<p>Capital Lease Liability</p>	(56,603)	
<p>Net Pension Asset (Liability)</p>	931,381	
<p>Deferred Outflows Related to Pensions</p>	159,982	
<p>Deferred Inflows Related to Pensions</p>	(596,961)	(483,630)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 13,595,930

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

EAST BUFFALO TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Special Revenue	Total Governmental Funds
REVENUES			
Taxes	\$ 4,287,719	\$ 462,070	\$ 4,749,789
Licenses and Permits	68,718	-	68,718
Fines and Forfeits	3,535	-	3,535
Interest, Rents & Royalties	594,600	7,909	602,509
Intergovernmental Receipts	323,714	310,646	634,360
Charges for Services	210,702	-	210,702
Miscellaneous Receipts	85,533	-	85,533
TOTAL REVENUES	5,574,522	780,625	6,355,146
EXPENDITURES			
General Government	626,808	114,868	741,676
Public Safety	1,502,264	423,074	1,925,338
Public Works - Sanitation	35,425	-	35,425
Public Works - Highways & Streets	2,399,601	444,424	2,844,025
Culture & Recreation	193,473	263,372	456,845
Insurance	81,972	-	81,972
Employee Benefits & Withholding	401,908	-	401,908
TOTAL EXPENDITURES	5,241,451	1,245,737	6,487,188
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	333,071	(465,112)	(132,041)
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	2,360,401	410,699	2,771,100
Operating Transfers Out	(2,771,100)	-	(2,771,100)
Debt Service - Principal	(45,366)	-	(45,366)
Debt Service - Interest	(94,408)	-	(94,408)
TOTAL OTHER FINANCING SOURCES (USES)	(550,473)	410,699	(139,774)
NET CHANGES IN FUND BALANCES	(217,403)	(54,412)	(271,816)
FUND BALANCE - BEGINNING JANUARY 1, 2025	9,575,997	615,221	10,191,218
FUND BALANCE - ENDING DECEMBER 31, 2025	\$ 9,358,594	\$ 560,809	\$ 9,919,402

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

EAST BUFFALO TOWNSHIP
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance to the Statement of Activities - Governmental Funds
 For the Year Ended December 31, 2025

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ (280,816)
<p>Amounts reported for governmental activities in the statement of net activities are different because:</p>	
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. They outlay is allocated over the assets' estimated useful lives as depreciation expense for the third.</p>	
Depreciation expense	(817,412)
Asset additions	96,689
<p>Governmental funds report outlays for RTU Leased Assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>	
Amortization Expense	(6,878)
<p>Governmental funds report debt and capital lease proceeds as an other financing source. The statement of activities treats such issuance of debt as a liability.</p>	
	6,180
<p>Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities.</p>	
	100,392
<p>Pension adjustment reported in the Statement of Activities is recognized on the accrual basis. The net pension liability is adjusted for any difference between years.</p>	
	80,769
<p>OPEB adjustment reported in the Statement of activities is recognized on the accrual basis. The net position liability is adjusted for any difference between years.</p>	
	119,130
<p>Notes Receivable are applicable to the Township's governmental activities and are not receivable in the current period and accordingly are not reported as fund assets.</p>	
	<u>(8,606)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ (710,552)</u></u>

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

EAST BUFFALO TOWNSHIP

Statement of Net Position

Fiduciary Fund

December 31, 2025

	<u>Trust Fund</u>
ASSETS	
Investments	<u>\$ 2,113,532</u>
TOTAL ASSETS	<u>2,113,532</u>
NET POSITION	
Held in Trust for Benefits and Other Purposes	<u>\$ 2,113,532</u>

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

EAST BUFFALO TOWNSHIP
Statement of Revenues, Expenses, and Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

	<u>Trust Funds</u>
OPERATING EXPENSES	
Management Fees	10,005
Pension Benefits	<u>64,397</u>
TOTAL OPERATING EXPENSES	<u>74,402</u>
OPERATING INCOME/(LOSS)	<u>(74,402)</u>
NON-OPERATING REVENUES (EXPENSES)	
Securities Appreciation	<u>356,081</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>356,081</u>
CHANGE IN NET POSITION	<u>281,679</u>
NET POSITION - BEGINNING JANUARY 1, 2025	<u>1,831,852</u>
NET POSITION - ENDING DECEMBER 31, 2025	<u><u>\$ 2,113,532</u></u>

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

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

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.

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. 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.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

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.

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

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(CONTINUED)**

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.

I. Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, “Certain Risk Disclosures”. The Township is required to adopt the provisions of Statement No. 102 for its 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, “Financial Reporting Model Improvements”. The Township is required to adopt the provisions of Statement No. 103 for its 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, “Disclosure of Certain Capital Assets”. The Township is required to adopt the provisions of Statement No. 104 for its 2026 financial statements.

The Township will be analyzing the effects of these pronouncements and plans to adopt them by their respective effective dates.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

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 governmental 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 governmental 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 governmental fund statements and recording of a decrease of long-term payable in the statement of net position.

NOTE 3 – CASH CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township's deposit policy requires that all deposits not covered by federal deposit insurance be collateralized in accordance with applicable state statutes. Collateral must be held by a third-party custodian or by the pledging financial institution's trust department in the name of the Township.

As of December 31, 2025, the Township's carrying amount of deposits was \$7,932,156, and the corresponding bank balance was \$7,950,853.

Of the total bank balance, \$500,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and the remaining \$5,888,107 was collateralized with securities held by the pledging financial institutions' trust departments or agents in the name of the Township. The Township held no uninsured and uncollateralized deposits, meaning all funds were either insured or properly collateralized at year-end.

NOTE 4 – PROPERTY TAXES – REAL ESTATE

Property taxes, which are 3.7 mills, fire protection .70 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.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description:

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

Eligibility for Benefits:

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

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

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, 2025, the Plan’s membership consisted of the following:

	Non-Uniformed	Uniformed
Active Participants	2	1
Retired Participants	7	7
Total	9	8

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (CONTINUED)

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, 2025 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, 2025.

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 increase 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

7.0% in 2025, 8.0% in 2026, 7.0% in 2027, 6.0% in 2028 and 5.5% in 2029. Rates gradually decrease from 5.4% in 2029 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, 2025.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (CONTINUED)

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, 2025, the Township recognized the following OPEB Expense:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>OPEB Expense</u>			
Service Cost	\$ 5,378	\$ 10,448	\$ 15,826
Interest on Total OPEB Liability	57,941	71,511	129,452
Expected Investment Income	(64,523)	(81,597)	(146,120)
Amortization of Deferred Outflows	33,220	96,067	129,287
Amortization of Deferred Inflows	(57,452)	(58,840)	(116,292)
Administrative Expense	2,982	3,772	6,754
Total OPEB Expense	<u>\$ (22,454)</u>	<u>\$ 41,361</u>	<u>\$ 18,907</u>

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

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, 2025:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
<u>Total OPEB Liability</u>			
Balances at 12/31/2024	\$ 799,203	\$ 1,010,695	\$ 1,809,898
Service Cost	5,378	10,448	15,826
Interest	57,941	71,511	129,452
Changes in Benefit Terms	-	-	-
Changes of Assumptions	16,131	24,953	41,084
Differences between expected and actual experience	-	-	-
Benefit Payments	(59,143)	(124,909)	(184,052)
Balances at 12/31/2025	<u>\$ 819,510</u>	<u>\$ 992,698</u>	<u>\$ 1,812,208</u>
<u>Plan Fiduciary Net Position</u>			
Balances at 12/31/2024	\$ 871,955	\$ 1,102,699	\$ 1,974,654
Contributions-Employer	38,824	99,213	138,037
Contributions-Employee	-	-	-
Net Investment Income	165,856	155,676	321,532
Benefit Payments	(59,143)	(124,909)	(184,052)
Administrative Expense	(2,982)	(3,772)	(6,754)
Balances at 12/31/2025	<u>\$ 1,014,510</u>	<u>\$ 1,228,907</u>	<u>\$ 2,243,417</u>
Net OPEB Liability	<u>\$ (195,000)</u>	<u>\$ (236,209)</u>	<u>\$ (431,209)</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>
Net OPEB Liability			
1% Increase (8.50%)	\$ (97,474)	\$ (171,554)	\$ (269,028)
Current Rates (7.50%)	(195,000)	(236,209)	(431,209)
1% Decrease (6.50%)	(278,890)	(296,320)	(575,210)

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

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>
Net OPEB Liability			
1% Increase (8.50%)	\$ (264,284)	\$ (281,023)	\$ (545,307)
Current Rates (7.50%)	(195,000)	(236,209)	(431,209)
1% Decrease (6.50%)	(144,542)	(187,816)	(332,358)

For the year ended December 31, 2025, the Township reported deferred outflows and inflows of resources related to OPEB as follows:

	<u>Non-Uniformed</u>	<u>Uniformed</u>	<u>Total</u>
Deferred Outflows of Resources			
Difference between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	17,091	71,114	88,205
Total Deferred Outflows	<u>\$ 17,091</u>	<u>\$ 71,114</u>	<u>\$ 88,205</u>
Deferred Inflows of Resources			
Difference between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference between Projected and Actual Earnings	131,511	119,870	251,381
Total Deferred Inflows	<u>\$ 131,511</u>	<u>\$ 119,870</u>	<u>\$ 251,381</u>

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (CONTINUED)

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

Year Ended	Non-Uniformed	Uniformed	Total
2026	\$ (25,404)	\$ 31,471	\$ 6,067
2027	(42,496)	(39,642)	(82,138)
2028	(26,255)	25,766	(489)
2029	(20,265)	(14,819)	(35,084)
2030	-	-	-
There after	-	-	-

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, 2025, supplied to the Township by Conrad Siegel Actuaries.

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2015	\$ -	\$ -	\$ -	\$ 490,168	0.00%
2016	-	-	-	485,828	0.00%
2017	-	-	-	412,496	0.00%
2018	22,836	40,590	(17,754)	494,951	8.20%
2019	18,254	39,212	(20,958)	386,572	10.14%
2020	29,155	38,123	(8,968)	369,049	10.33%
2021	32,931	37,260	(4,329)	428,852	8.69%
2022	36,494	37,000	(506)	517,607	7.15%
2023	35,177	35,831	(654)	548,856	6.53%
2024	39,829	59,406	(19,577)	593,193	10.01%
2025	\$ 45,199	\$ 69,143	\$ (23,944)	\$ 646,477	10.70%

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.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 6 – PENSION PLANS – (CONTINUED)

Plan Membership

The plan covers all full time employees of the Township who complete 35 hours per week. As of December 31, 2025, 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>3</u>
Total	<u><u>22</u></u>

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the components of the net pension liability for the plan was as follows:

Total Pension Liability	\$ 1,613,360
Plan Fiduciary Net Position	<u>(2,113,532)</u>
Net Pension Liability (Asset)	<u><u>\$ (500,172)</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 131.00%.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

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, 2025.

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	\$ 1,635,373	\$ 1,831,852	\$ (196,479)
Service Cost	47,071	-	47,071
Interest Cost	78,444	-	78,444
Changes of Benefit Terms	-	-	-
Changes of Experience	(79,611)	-	(79,611)
Changes of Assumptions	-	-	-
Contributions - Employer	-	69,143	(69,143)
Contributions - Member	-	-	-
Net Investment Income	-	280,454	(280,454)
Benefit Payments	(67,917)	(67,917)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(22,013)	281,680	(303,693)
Balance at 12/31/2024	\$ 1,613,360	\$ 2,113,532	\$ (500,172)

For the year ended December 31, 2025, the Township recognized pension expense of \$11,625 for the Pension Plan. At December 31, 2025, 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	\$ -	\$ 24,914
Changes in assumptions	31,120	-
Net difference between projected and actual investment earnings	40,657	320,666
	\$ 71,777	\$ 345,580

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 6 – PENSION PLANS – (CONTINUED)

Actuarial Assumptions

An actuarial valuation of the net pension liability is performed biennially. The net pension liabilities as of December 31, 2025 were determined as part of the actuarial valuations at January 1, 2025. Update procedures were used to roll forward January 1, 2025 liabilities to the plan year ending December 31, 2025.

A summary of the key assumptions and methods used to determine the 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	3.00%
Salary Increases	5.00%
COLA Increases	5.00%
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generally using Scale MP-2020 to reflect mortality improvement.

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.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 6 – PENSION PLANS – (CONTINUED)

The following summarized the long-term expected rates of return for each major asset class included in the Plan’s target asset allocation as of December 31, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	66.00%	5.50% - 7.50%
Fixed Income	33.00%	1.00% - 3.00%
Cash	1.00%	0.00% - 1.00%
	<u>100.00%</u>	

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 full 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>
Plan's Net Pension Liability	\$ (298,210)	\$ (500,172)	\$ (669,695)

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 7 – LEASES

The Township leases land for the purpose of compositing brush, leaf, and yard waste. The lease period is from January 1, 2024, until December 31, 2033, with an automatic five year renewal option unless terminated by either party upon 6 months' notice to the other party. Annual payment of \$6,000 is due by April 1 each year and the rent amount shall be increased each year in the amount equal to 3% of the prior year's rent.

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Lease Liability	\$ 62,783	\$ -	\$ 6,180	\$ 56,603	\$ 6,365

The maturities of financing lease liabilities as of December 31, 2025 are as follows:

Year Ending:	
2026	\$ 6,365
2027	6,556
2028	6,753
2029	6,956
2030	7,164
2031-2033	22,809
Total	\$ 56,603

NOTE 8 – NOTES PAYABLE

Notes payable consist of the following:

	Total
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.	\$ 921,429

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

Year Ending	Principal	Interest	Total
2026	\$ 105,158	\$ 40,600	\$ 145,758
2027	110,151	35,607	145,758
2028	115,290	30,468	145,758
2029	120,855	24,903	145,758
2030	126,593	19,165	145,758
2031-2033	343,382	21,013	364,395
Total	\$ 921,429	\$ 171,755	\$ 1,093,185

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 8 – NOTES PAYABLE – (CONTINUED)

Changes in Long-Term Debt:

Balance at 1/1/2025	Repayments	Balance at 12/31/2025	Due Within One Year
\$ 1,021,821	\$ 100,392	\$ 921,429	\$ 105,158

NOTE 9 – RESTRICTED NET POSITION

As of December 31, 2025, there were \$187,567 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.

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.

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 10 – INVESTMENTS – (CONTINUED)

Investments at December 31, 2025 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		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 4,356,949	\$ -	\$ -
Total	<u>\$ 4,356,949</u>	<u>\$ -</u>	<u>\$ -</u>

Total Carrying Value

Governmental Funds	\$ 2,243,417
Fiduciary Funds	<u>2,113,532</u>
	<u>\$ 4,356,949</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 2024, passed through funds received for fines/violations to the Department and also reimbursed the Department for health insurance of retired officers. During 2025, East Buffalo paid \$1,196,609 to the Department and has payables of \$97,630 due to them.

NOTE 12 – 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, 2024, is \$25,819.

The principal maturities of the note receivable is as follows:

<u>Year Ending</u>	<u>Principal</u>
2026	8,606
2027	8,606

EAST BUFFALO TOWNSHIP
Notes to the Financial Statements
December 31, 2025

NOTE 13 – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,379,745	\$ -	\$ -	\$ 1,379,745
Construction in Progress	581,139	-	581,139	-
Total Capital Assets Not Being Depreciated	<u>\$ 1,960,884</u>	<u>\$ -</u>	<u>\$ 581,139</u>	<u>\$ 1,379,745</u>
<i>Governmental Activities</i>				
Capital Assets, Being Depreciated				
Buildings	3,149,327	-	-	3,149,327
Vehicles	1,241,887	179,444	72,378	1,348,953
Equipment	1,324,215	570,762	-	1,894,977
Total Assets Being Depreciated	<u>\$ 5,715,429</u>	<u>\$ 750,206</u>	<u>\$ 72,378</u>	<u>\$ 6,393,257</u>
Less Accumulated Depreciation For				
Buildings	1,090,946	114,863	-	1,205,809
Vehicles	909,394	72,729	-	982,123
Equipment	858,333	629,819	-	1,488,152
Total Accumulated Depreciation	<u>\$ 2,858,673</u>	<u>\$ 817,411</u>	<u>\$ -</u>	<u>\$ 3,676,084</u>
Total Capital Asset Being Depreciated, Net	<u>\$ 4,817,640</u>	<u>\$ (67,205)</u>	<u>\$ 653,517</u>	<u>\$ 4,096,918</u>

Depreciation expense for the year ending December 31, 2025 is \$817,411.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 1, 2026, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EAST BUFFALO TOWNSHIP
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability
 December 31, 2025

Last 10 Measurement Years (if available)

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability										
Service Costs	\$ 47,071	\$ 40,778	\$ 38,836	\$ 26,331	\$ 25,077	\$ 35,333	\$ 33,650	\$ 31,351	\$ 29,858	\$ 20,239
Interest	78,444	79,390	76,665	74,145	72,049	79,436	75,827	69,558	66,232	64,500
Changes in Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(79,611)	-	(1,851)	-	(90,062)	-	(18,739)	-	(19,938)	-
Changes in Assumptions	-	-	-	-	155,608	-	67,199	-	208,031	-
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit Payments	(67,917)	(63,621)	(62,265)	(59,222)	(53,701)	(52,310)	(49,706)	(44,648)	(39,676)	(37,496)
Net Changes in Total Pension Liability	(22,013)	56,547	51,385	41,254	108,971	62,459	108,231	56,261	244,507	47,243
Total Pension Liability - Beginning	1,635,373	1,578,826	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	\$ 1,613,360	\$ 1,635,373	\$ 1,578,826	\$ 1,527,441	\$ 1,486,187	\$ 1,377,216	\$ 1,314,757	\$ 1,206,526	\$ 1,150,265	\$ 905,758
Plan Fiduciary Net Position										
Contributions - Employer	\$ 69,143	\$ 59,406	\$ 35,831	\$ 37,000	\$ 37,260	\$ 38,123	\$ 39,212	\$ 40,590	\$ -	\$ -
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Investment Income	280,454	180,220	227,016	(271,975)	251,540	113,199	214,183	(63,130)	129,986	107,400
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit Payments	(67,917)	(63,621)	(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	281,680	176,005	200,582	(294,197)	235,099	99,012	203,689	(67,188)	90,310	69,904
Plan Fiduciary Net Position - Beginning	1,831,852	1,655,847	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	\$ 2,113,532	\$ 1,831,852	\$ 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	\$ (500,172)	\$ (196,479)	\$ (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	131.0%	112.0%	104.9%	95.3%	117.7%	110.0%	107.7%	100.4%	111.2%	131.2%
Covered-employee Payroll	\$ 646,477	\$ 593,193	\$ 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	-77.37%	-33.12%	-14.03%	13.94%	-61.39%	-37.16%	-26.02%	-1.04%	-31.17%	-58.21%

See Notes to Financial Statements

EAST BUFFALO TOWNSHIP
 Required Supplementary Information
 Schedule of Employer Contributions
 December 31, 2025

	Last 10 Measurement Years (if available)									
	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Actuarially Determined Contribution	\$ 45,199	\$ 39,829	\$ 35,177	\$ 36,494	\$ 32,931	\$ 29,155	\$ 18,254	\$ 22,836	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	69,143	59,406	35,831	37,000	37,260	38,123	39,212	40,590	-	-
Contribution Deficiency (Excess)	<u>\$ (23,944)</u>	<u>\$ (19,577)</u>	<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	\$ 646,477	\$ 593,193	\$ 548,856	\$ 517,607	\$ 428,852	\$ 369,049	\$ 386,572	\$ 494,951	\$ 412,496	\$ 485,828
Contributions as a Percentage of Covered-Employee Payroll	10.70%	10.01%	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 present.

Note to the Schedule:

Valuation Date: Actuarially determined contribution rates are calculated biennially. Therefore, the Actuarially Determined Contribution for calendar year 2025 is based upon the January 1, 2025 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2025 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 Increase 5.00%
- COLA Increases 5.00%
- Mortality: PubG-2010 mortality table

See Notes to Financial Statements

EAST BUFFALO TOWNSHIP
Required Supplementary Information
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
December 31, 2025

	Original and Final		Variance
	Budget	Actual	
REVENUES			
Taxes	\$ 3,915,041	\$ 4,287,719	\$ (372,678)
Licenses and Permits	69,370	68,718	652
Fines and Forfeits	4,000	3,535	465
Interest, Rents & Royalties	12,000	594,600	(582,600)
Intergovernmental Revenues	605,799	323,714	282,085
Charges for Services	116,268	210,702	(94,434)
Miscellaneous Revenue	75,397	85,533	(10,136)
TOTAL REVENUES	4,797,874	5,574,521	(776,647)
EXPENDITURES			
General Government	506,588	626,808	(120,220)
Public Safety	1,442,730	1,502,264	(59,534)
Public Works - Sanitation	41,180	35,425	5,755
Public Works - Streets & Highways	3,173,108	2,399,601	773,507
Culture Recreation	283,742	193,473	90,269
Insurance	80,000	81,972	(1,972)
Employee Benefits & Withholding	403,709	401,908	1,801
TOTAL EXPENDITURES	5,931,058	5,241,451	689,607
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,133,184)	333,070	(1,466,254)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	1,705,000	2,360,401	(655,401)
Operating Transfers Out	(357,352)	(2,771,100)	2,413,748
Debt Services - Principal	(100,392)	(94,408)	(5,984)
Debt Services - Interest	(45,366)	(45,366)	(0)
All Other Financing Sources	(1,835,000)	-	(1,835,000)
TOTAL OTHER FINANCING SOURCES (USES)	(633,110)	(550,473)	(82,637)
NET CHANGE IN FUND BALANCE	\$ (1,766,294)	(217,403)	\$ (1,548,891)
FUND BALANCE - JANUARY 1, 2025		<u>9,575,997</u>	
FUND BALANCE - DECEMBER 31, 2025		<u><u>\$ 9,358,594</u></u>	

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Supervisors
East Buffalo Township
Lewisburg, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Buffalo Township (the Township) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Klucik & Associates, P.C.

Shamokin, Pennsylvania

April 1, 2026

East Buffalo Township
Lewisburg, PA
Summary Financial Report
Year Ended December 31, 2025

General Fund:

Balance - January 1, 2025	\$ 9,575,997
Receipts	7,934,923
Disbursements	<u>8,152,325</u>
Balance - December 31, 2025	<u><u>\$ 9,358,594</u></u>

Special Revenue Fund:

Balance - January 1, 2025	\$ 615,221
Receipts	1,191,324
Disbursements	<u>1,245,737</u>
Balance - December 31, 2025	<u><u>\$ 560,809</u></u>

Pension Fund:

Balance - January 1, 2025	\$ 1,831,852
Receipts	356,081
Disbursements	<u>74,402</u>
Balance - December 31, 2025	<u><u>\$ 2,113,532</u></u>

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