

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA
Financial Report
December 31, 2025**

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA
December 31, 2025**

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**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA
December 31, 2025**

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Independent Auditors' Report

To the Board of Supervisors
East Rockhill Township
Perkasie, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Rockhill Township, Bucks County, Pennsylvania (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, the business-type activities, each major fund, and the aggregate remaining fund information of East Rockhill Township, Bucks County, Pennsylvania 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). Our responsibilities under those standards are further described in the Auditors' 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

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.

Auditors' 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 auditors' 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 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 GAAS, 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 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 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 information on pages 4-15 and 62-70 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The schedule of revenues, expenses, and changes in net position—budget and actual—proprietary funds and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenses, and changes in net position—budget and actual—proprietary funds and combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position—budget and actual—proprietary funds and combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DunlapSLK, PC

Chalfont, Pennsylvania
May 26, 2026

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

Discussion and analysis of East Rockhill Township's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2025. Please read it in conjunction with the Township's financial statements, which begins on page 16.

FINANCIAL HIGHLIGHTS

- In 2025, the Township's net assets have increased 7.53% from the prior year as a result of this year's operations. The change in net assets increased \$1,762,122 compared to an increased change in 2024 net assets of \$1,420,842 or 24.02% increase.
- The total cost of all Township programs for the year ended December 31, 2025, was \$4,740,408 compared to \$3,931,235 for 2024, a 20.58% increase.
- In December 2017 Rock Hill Quarry on North Rockhill Road made zoning application for the reactivation of the site for extraction and a proposed asphalt plant which resulted in an increase in consultant expenses. Active extraction has not taken place at the Quarry for over 30 years. A Federal Court decision stated that extraction may continue on the property under the jurisdiction of the Pennsylvania Department of Environmental Protection (PA DEP) and a County Court decision stated that an asphalt plant use was not permitted in the Extraction Zoning District where the quarry is located. PA DEP issued a cessation order December 21, 2020, until review of naturally occurring asbestos has been completed. The cessation order remained in effect in 2025.
- On March 13, 2020, the United States declared Coronavirus disease (COVID-19) a national emergency which impacted the United States and World through 2020 and into 2021. In 2022 and 2023 the impact continued with supply shortages. In 2021 the American Rescue Plan was approved to aid state, local, territorial and tribal governments to help turn the tide of the pandemic, address its economic fallout and lay a foundation for a strong and equitable recovery. The U.S. Department of the Treasury set the guidelines of how monies can be spent, and monies were distributed by the Commonwealth of Pennsylvania. East Rockhill Township was projected to receive \$599,545 but received a total of \$601,441 due to a supplemental payment for entities who opted out of the distribution. In 2021, a payment in the amount of \$299,773 was received and deposited into the Capital Reserve Fund and in 2022, payments in the amount of \$300,720 and \$948 were received and deposited into the Capital Reserve Fund. In November 2022 Resolution 2022-17 was adopted allocating monies to salaries benefits and provisions of other government. The Board of Supervisors as part of budget review determines allocations. Distributions have been to Pennridge Regional Police Department, Dublin Fire Company, Haycock Fire Company, Perkasie Fire Department, Quakertown Fire Department, Sellersville Fire Department, Grandview Ambulance, St. Luke's EMS, Pennridge Community Center, Pennridge FISH and public meeting room audio. In 2025, remaining funds were spent for the new Public Works Maintenance Building.
- Budgeted road work included:
 - Ultra-thin bonded wearing course on Pines I development roads which include Campus Drive (Fifth Street to Sunnyside Lane and Campus Drive intersection); Buck Drive; Deer Run Road and Pine Court.
 - Bituminous Seal Coat (oil & chip) application on Clymer Road (Mountain View to Sterner Mill Road); West Rock Road and Axehandle Road.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

FINANCIAL HIGHLIGHTS (continued)

- Budgeted road work included (continued):
 - Mill and Overlay on Harriet Drive, Meadow Lane and Willow Court.
 - Overlay on Old Bethlehem Pike to close out Perkasie Regional Authority public water installation project.
 - Right-of-Way Stormwater installed on a section of Hill Road.
- A new mower was purchased to replace a Hustler zero turn mower.
- Golf driving range gator, ball dispenser and ball washer replaced.
- Iron Bridge Park path overlay from Creekview to Blooming Glen and from Branch Road to Covered Bridge Road.
- As authorized in 2024, Township traffic engineer provided an analysis and cursory report for the Stone Edge culvert to determine if the culvert designed and constructed to flood could accommodate any options to alleviate flooding and not have a negative impact to properties along Three Mile Run waterway. The 2025 analysis provided a target design for a 10-year storm based on PennDOT criteria for local roadway classification. September 2025 a Phase II study was authorized to determine potential stream bank improvements, preliminary bridge layout and grant funding options. Supervisors authorized these expenses from the Capital Reserve Fund Reserve at Woodbridge development contribution.
- Treatment Plant #1 North aeration tank refurbishment was authorized in 2024. The refurbishment was completed in 2025.
- A 60'x198' Public Works Maintenance Building was constructed in 2025 to replace the 1983 80'x30' pole building. Review began in 2021 with staff looking at locations for a new building and in 2022 an architect was engaged for design. In 2023, the location and design were finalized with tree clearing, and stormwater testing taking place. The end of 2024 bids were accepted. The new building allows the entire fleet to be stored in one location; the fleet to be stored inside; have generator back-up, security and a maintenance bay that can accommodate a truck with a plow.
- In 2023, a Bucks County Conservation District Low Volume Grant partial award payment was received for a stormwater improvement at Three Mile Run Road at DCNR park house. Due to a PNDI turtle restriction on DCNR property work cannot take place from May 15 to October 15. The project was completed Spring 2025 and the grant closed.
- Dead trees in open space and right of ways removed by Township Staff and a 3rd Party in response to damage from the Emerald Ash Borer continues.
- Conservation Easements purchased at 935 Three Mile Run Road totaling 4 acres and 2031 West Rock Road totaling 8 acres.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 16 and 17-18) provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. Fund financial statements start on page 19. For governmental activities, these statements tell how Township services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township major funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting on the Township as a Whole

The Statement of Net Position and Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer the question of whether or not the Township is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements report the Township's net position and changes in it. The Township's net position (the difference between assets and liabilities) provides a measurement of the Township's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the Township's financial health is improving or deteriorating.

Reporting Significant Funds

The fund financial statements begin on page 19 and provide detailed information about the most significant funds, not East Rockhill Township as a whole. Some funds are required to be established by State law. However, the Board of Supervisors established many other funds to help it control or manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The Township basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be converted to cash. 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance Township programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation at the end of the fund financial statements.

The Township as a Trustee

The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for escrow deposits received from developers, businesses, and individuals for legal and engineering fees. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 28 and 29. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

THE TOWNSHIP AS A WHOLE

The Statement of Net Position provides an overview of the Township's assets, liabilities, and net position. Over time, this statement will provide a good indicator of the Township's fiscal health. Two years of data are presented in the following tables. East Rockhill Township adopted the Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* - (GASB 54) with Resolution 2011-20.

Table 1
Net Position
(Governmental and Business-Type Activities Combined)

| | <u>2025</u> | <u>2024</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|----------------------|----------------------|---------------------|-----------------|
| Capital Assets | \$ 19,126,930 | \$ 15,205,249 | \$ 3,921,681 | 25.79% |
| Current and Other Assets | 6,257,909 | 8,303,915 | (2,046,006) | (24.64)% |
| Net Pension Asset | 667,942 | 191,956 | 475,986 | 247.97% |
| Equity Interest in Joint Venture | 1,200,000 | 1,200,000 | - | 0.00% |
| Total Assets | <u>27,252,781</u> | <u>24,901,120</u> | <u>2,351,661</u> | <u>9.44%</u> |
| Deferred Pension Outflows | <u>116,641</u> | <u>177,404</u> | <u>(60,763)</u> | <u>(34.25)%</u> |
| Long-Term Liabilities | 1,852,703 | 1,030,042 | 822,661 | 79.87% |
| Other Liabilities | <u>15,756</u> | <u>18,877</u> | <u>(3,121)</u> | <u>(16.53)%</u> |
| Total Liabilities | <u>1,868,459</u> | <u>1,048,919</u> | <u>819,540</u> | <u>78.13%</u> |
| Deferred Inflows | <u>325,978</u> | <u>616,742</u> | <u>(290,764)</u> | <u>(47.15)%</u> |
| Net Position | | | | |
| Invested in Capital Assets, Net of Related Debt | 18,474,227 | 14,805,249 | 3,668,978 | 24.78% |
| Restricted | 3,611,800 | 5,085,977 | (1,474,177) | (28.99)% |
| Unrestricted | <u>3,088,958</u> | <u>3,521,637</u> | <u>(432,679)</u> | <u>(12.29)%</u> |
| Total Net Position | <u>\$ 25,174,985</u> | <u>\$ 23,412,863</u> | <u>\$ 1,762,122</u> | <u>7.53%</u> |

The total net position of the Township shown above is \$25,174,985. Net position increased by 7.53% in 2025.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

THE TOWNSHIP AS A WHOLE (continued)

Table 2
Changes in Net Position
(Governmental and Business-Type Activities Combined)

| | <u>2025</u> | <u>2024</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------------------|---------------------|---------------------|---------------------|-----------------|
| Program Revenues | | | | |
| General Government | \$ 136,543 | \$ 150,943 | \$ (14,400) | (9.54)% |
| Public Safety | 328,338 | 359,446 | (31,108) | (8.65)% |
| Highways | 705,326 | 312,817 | 392,509 | 125.48% |
| Parks and Recreation | 4,170 | 50,293 | (46,123) | (91.71)% |
| Sewer | 1,539,356 | 782,672 | 756,684 | 96.68% |
| Golf Driving Range | 96,130 | 90,761 | 5,369 | 5.92% |
| General Revenues | | | | |
| Real Estate Taxes | 920,551 | 885,990 | 34,561 | 3.90% |
| Transfer Taxes | 355,411 | 277,102 | 78,309 | 28.26% |
| Earned Income Taxes | 1,858,339 | 1,838,114 | 20,225 | 1.10% |
| EMS Taxes | 84,941 | 84,566 | 375 | 0.44% |
| Interest and Rents | 435,007 | 467,674 | (32,667) | (6.98)% |
| Miscellaneous | 26,167 | 39,499 | (13,332) | (33.75)% |
| Total Revenues (forwarded) | <u>\$ 6,490,279</u> | <u>\$ 5,339,877</u> | <u>\$ 1,150,402</u> | 21.54% |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

THE TOWNSHIP AS A WHOLE (continued)

Table 2
Changes in Net Position
(Governmental and Business-Type Activities Combined)

| | <u>2025</u> | <u>2024</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------------------|----------------------------|----------------------------|--------------------------|-----------------|
| Total Revenues (forwarded) | <u>\$ 6,490,279</u> | <u>\$ 5,339,877</u> | <u>\$ 1,150,402</u> | 21.54% |
| Program Expenses | | | | |
| Legislative | 77,348 | 22,445 | 54,903 | 244.61% |
| Executive, Finance and Tax Collection | 162,913 | 117,808 | 45,105 | 38.29% |
| Professional Services | 109,446 | 156,634 | (47,188) | (30.13)% |
| General Government | 246,945 | 264,215 | (17,270) | (6.54)% |
| Public Safety | 1,399,691 | 1,280,140 | 119,551 | 9.34% |
| Highway Maintenance | 1,203,079 | 1,083,293 | 119,786 | 11.06% |
| Open Space | 7,936 | 7,905 | 31 | 0.39% |
| Parks and Recreation | 66,785 | 52,740 | 14,045 | 26.63% |
| Sewer | 1,388,470 | 885,320 | 503,150 | 56.83% |
| Golf Driving Range | <u>77,795</u> | <u>60,735</u> | <u>17,060</u> | 28.09% |
| Total Expenses | <u>4,740,408</u> | <u>3,931,235</u> | <u>809,173</u> | 20.58% |
| Change in Net Position before | | | | |
| Other Sources | 1,749,871 | 1,408,642 | 341,229 | 24.22% |
| Sale of Capital Assets | <u>12,251</u> | <u>12,200</u> | <u>51</u> | 0.42% |
| Change in Net Position | <u><u>\$ 1,762,122</u></u> | <u><u>\$ 1,420,842</u></u> | <u><u>\$ 341,280</u></u> | 24.02% |

The Township as a whole as shown above realized an increase in net assets in the amount of \$1,762,122, a 24.02% increase from 2024.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

THE TOWNSHIP AS A WHOLE (continued)

Revenue Overview

Total revenue from all sources was \$6,490,279. Real Estate taxes were assessed at 10.235 mills.

Figure 1

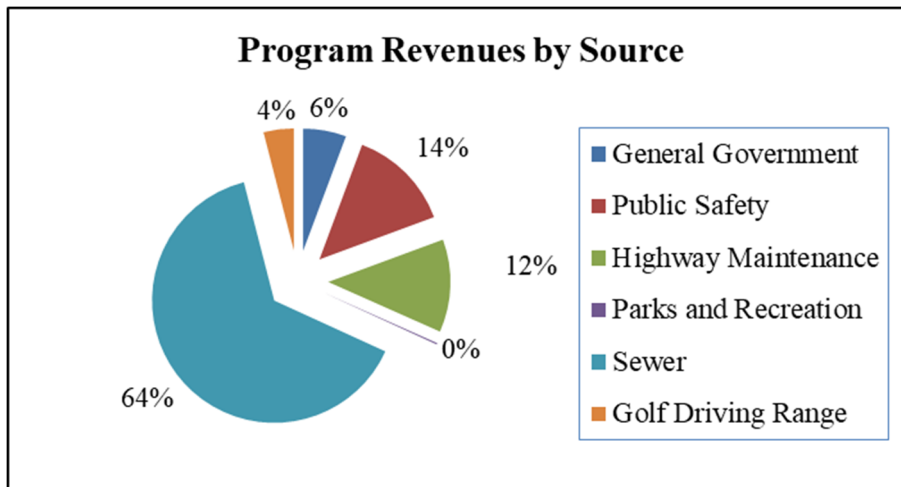
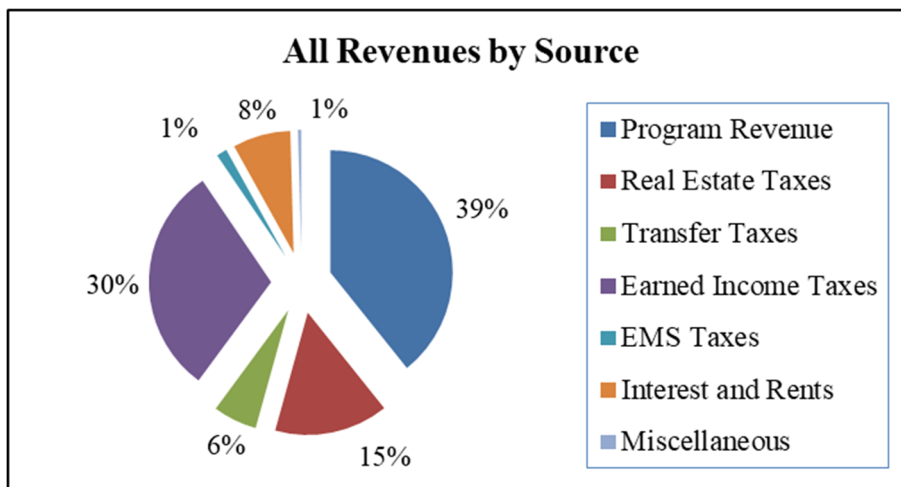


Figure 2



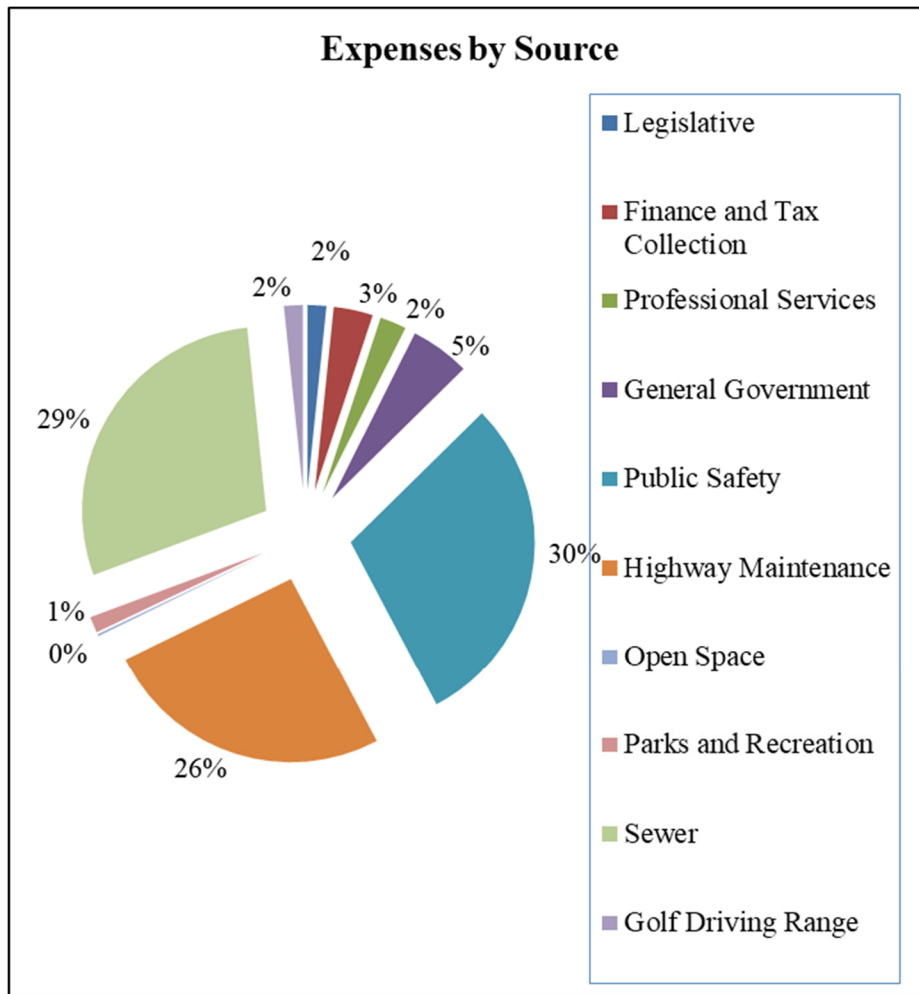
**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

THE TOWNSHIP AS A WHOLE (continued)

Expense Overview

Total expenses in all categories were \$4,740,408. Public Safety, which consists of the Pennridge Regional Police Department and Code Enforcement is the largest expense, accounting for spending of \$1,399,691 and Highway Safety expense which includes road improvements amounts totaling \$1,203,079.

Figure 3



EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

ITEMS OF GENERAL INTEREST

Water

Residents and businesses of the Township are served by Perkasio Regional Authority (PRA) and on-lot water systems. The Township has no financial or management control of the water company.

Waste Water

Residents and businesses of the Township are principally served by the Pennridge Wastewater Treatment Authority, East Rockhill Township Sewer Treatment Plant, and on-lot sewage disposal systems. Invoicing for public sewer is done quarterly through East Rockhill Township according to the approved fee schedule. Monies are transferred to a Capital Sewer Reserve fund for future infrastructure necessities by the Treasurer.

Fire and Ambulance

Residents and businesses of the Township are served by the Perkasio, Quakertown, Dublin, Sellersville and Haycock volunteer fire companies. While East Rockhill Township does not have a fire station or any fire equipment, Substation 76 from the Perkasio Fire Company owns a fire engine and a quick-response pumper/field truck which is located at the East Rockhill Township Municipal Complex. Emergency medical services are provided by County of Bucks Emergency Health Services.

Protected Lands

East Rockhill Township has approximately 23% of protected lands that include state-owned, county-owned, Township-owned, and various conservation easements.

ANALYSIS OF INDIVIDUAL FUNDS

General Fund

The general fund budget to actual revenues and expenditures overall were comparable in 2025. The 2025 millage rate was 8.725. In 2025, 46 percent (46%) of the Pennridge Regional Police budget was allocated. Township management approaches budgeting and spending conservatively. Unbudgeted expenses are authorized by the Board of Supervisors.

Fire Fund

The fire fund receives monies from a dedicated fire real estate millage. In 2025, the millage rate was 1.0. In October when state aid monies are received and distributed, the fire fund monies are also distributed. The Township has five (5) fire companies that service the Township and each Fire Department receives a distribution according to service area. Perkasio Fire Department has a substation located at the Municipal complex; therefore, a portion of their workers comp and substation's electric and propane are expended from this fund.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025

ANALYSIS OF INDIVIDUAL FUNDS (continued)

Open Space Fund

A 0.25% Earned Income tax open space is the source of revenue for this fund. The Board of Supervisors review and authorize potential preservation easements which consist of smaller conservation easements due to past preservation efforts. In 2025, two conservation easements totaling 12 acres were purchased. There is an Open Space Maintenance checking account for future park improvements with transfers from the Open Space Fund per HB1523 guidelines and according to budget approval. Transfers and expenses are approved as part of the budget process. To eliminate the open space earned income tax a Supervisor majority vote and Resolution is required with notice to DCED no later than December 1 to be effective January 1. Should the Supervisors determine to eliminate the tax it requires voter referendum approval to reinstate the tax.

Sewer Fund

This fund receives revenue from rate payers for sewer service. The Board adopted Resolution 2024-14 implementing an annual increase of \$120.00 in the residential and commercial rate in 2025 and 2026. Liens are placed on past due accounts. Monies are transferred, as available, to a sewer capital reserve checking account for future infrastructure needs by the Treasurer. In 2023, a cooperative conveyance agreement between East Rockhill Township and Perkasie Regional Authority was authorized. The Township's Certified Public Accountant recommends budgeting for depreciation. In 2021 the Board of Supervisors added transfer to reserves to the Depreciation budget line item as part of budget review.

Driving Range / Park & Recreation Fund

Expenses are funded by user fees from the Township's driving range, park reservations, developer park and recreation contributions and general fund transfers as budgeted. The Township's Certified Public Accountant recommends budgeting for depreciation.

Street Light Fund

This fund receives revenue from rate payers in the street light district as established per Resolution 2024-04. In 2024 the Park Hill Estates development was added to the street light district amending the number of properties from 447 properties to 659 properties. As part of the budget approval, a Resolution is approved on an annual basis establishing the assessment. In 2023, there was a \$4.00 increase for an annual assessment of \$45.00 which is invoiced to all properties in the district to offset the electric and maintenance cost of streetlights. Liens are placed on past due accounts.

Capital Improvement Fund

In 2012, the Infrastructure Fund was established with a 0.65 millage real estate collection. In 2015, the millage rate increased to 1.25 mills for debt payments. In 2016, the name was changed to Capital Improvement Fund for permanent capital improvements as recommended by DCED who did not recognize the name Infrastructure Fund. Expenditures are related to capital improvements.

Building Debt Fund

In 2011, the police headquarter fund was established for the collection of 1.26 mills in real estate collection to pay for Pennridge Police Headquarters debt. In 2019, the name was changed to Building Debt to pay for future Municipal Complex improvement debt and Pennridge Regional Police Headquarter debt.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

ANALYSIS OF INDIVIDUAL FUNDS (continued)

Capital Reserve Fund

This Fund receives revenues from the general fund, developer contributions, state and local grants, sale of assets and interest on investments. Monies are allocated towards projects which are tracked through an excel file. Expenses from a dedicated revenue source are noted as part of the budget review process. The Treasurer transfers monies from the general fund for future miscellaneous projects as they are available.

State Aid Fund

Aside from a small amount of interest income, this fund relies completely on state monies earmarked for road improvements and the expenses necessary to accomplish this. Expenditures are according to State guidelines.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2025, on a government-wide basis, East Rockhill Township net position totaling \$25,174,985 was invested in a broad range of capital assets, buildings, park facilities, roads, bridges, sewer plant and lines. This amount represents a net increase of 11.80% from 2024. A Capitalization Policy was approved by Resolution in 2013.

Discussion of Future Plans

Plans for 2026 include the following:

- Salt storage buildings replacement
- Sewer Treatment Plant South aeration tank refurbishment
- Bituminous Seal Coat and Fog Coat application on Tunnel Road, Park Avenue and sections of Three Mile Run Road.
- Overlay a section of Rockhill Road.
- Centerline added on Stone Edge Road.
- Administration computers replaced.
- Dingo and trailer equipment added.
- Recognition of United States of America 250th Semi-quincentennial.
- Consultant expenses including an environmental attorney related to the potential reactivation of Rock Hill Quarry.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

**Table 3
General Long-Term Debt**

| Category | Balance 1/1/25 | Loan Proceeds | Principal Payments | Balance 12/31/25 |
|------------------------------|---------------------|-------------------|-----------------------|---------------------|
| 2011 General Obligation Note | \$ 630,042 | \$ - | \$ 54,839 | \$ 575,203 |
| 2025 General Obligation Note | - | 950,000 | 47,500 | 902,500 |
| Sewer Revenue Note | 400,000 | - | 25,000 | 375,000 |
| Total | \$ 1,030,042 | \$ 950,000 | \$ 127,339 | \$ 1,852,703 |

ECONOMIC FORECAST

As discussed above, the Township has four major sources of revenue:

- Earned Income Tax
- Real Estate Tax
- Fees and Charges, State Transfers
- Real Estate Transfer Tax

Current revenues are consistent with our assumptions.

The Township holds down expenses by obtaining competitive pricing, limiting out-sourcing of projects and limiting personnel. Productivity that occurs due to training, hiring the right people, and providing the proper equipment and tools are viewed as superior to adding personnel.

This financial report is designed to provide East Rockhill Township citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. The Management's Discussion and Analysis was prepared by Marianne Hart Morano, East Rockhill Township Manager.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

If you have a question about this report or need additional financial information, contact the Township Manager at East Rockhill Township, 1622 N. Ridge Road, Perkasie, PA 18944, 215-257-9156, or go to our website at www.EastRockhillTownship.org.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Net Position
December 31, 2025

| | Governmental | Business-type | Total |
|---|----------------------|---------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash | \$ 4,170,267 | \$ 900,150 | \$ 5,070,417 |
| Taxes Receivable | 679,541 | - | 679,541 |
| Current Portion of Lease Receivable | 65,189 | - | 65,189 |
| Accounts Receivable | 9,697 | 341,775 | 351,472 |
| Due from PWTA | - | 4,149 | 4,149 |
| Total Current Assets | 4,924,694 | 1,246,074 | 6,170,768 |
| Noncurrent Assets | | | |
| Equity Interest in Joint Venture | 1,200,000 | - | 1,200,000 |
| Lease Receivable | 87,141 | - | 87,141 |
| Net Pension Asset | 667,942 | - | 667,942 |
| Net Capital Assets | 15,952,850 | 3,174,080 | 19,126,930 |
| Total Noncurrent Assets | 17,907,933 | 3,174,080 | 21,082,013 |
| Total Assets | 22,832,627 | 4,420,154 | 27,252,781 |
| Deferred Outflows of Resources | | | |
| Deferred Pension Outflows | 116,641 | - | 116,641 |
| Liabilities | | | |
| Current Liabilities | | | |
| Current Portion of General Obligation Notes | 107,136 | 25,000 | 132,136 |
| Accounts Payable and Accrued Expenses | 10,658 | 5,098 | 15,756 |
| Total Current Liabilities | 117,794 | 30,098 | 147,892 |
| Noncurrent Liabilities | | | |
| General Obligation Notes Payable | 1,370,567 | 350,000 | 1,720,567 |
| Total Liabilities | 1,488,361 | 380,098 | 1,868,459 |
| Deferred Inflows of Resources | | | |
| Deferred Pension Inflows | 186,907 | - | 186,907 |
| Deferred Rental Receipts | 139,071 | - | 139,071 |
| Total Deferred Inflows of Resources | 325,978 | - | 325,978 |
| Net Position | | | |
| Invested in Capital Assets, Net of Related Debt | 15,675,147 | 2,799,080 | 18,474,227 |
| Restricted for | | | |
| Capital Projects | 635,020 | - | 635,020 |
| Other Purposes | 2,976,780 | - | 2,976,780 |
| Unrestricted | 1,847,982 | 1,240,976 | 3,088,958 |
| Total Net Position | \$ 21,134,929 | \$ 4,040,056 | \$ 25,174,985 |

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Activities
Year Ended December 31, 2025

| Functions/Programs | Expenses | Program Revenue | | |
|---------------------------------------|---------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| General Government | | | | |
| Legislative | \$ 77,348 | \$ - | \$ - | \$ - |
| Executive, Finance and Tax Collection | 162,913 | - | - | - |
| Professional Fees | 109,446 | - | - | - |
| General Government | 246,945 | 97,876 | 38,667 | - |
| Public Safety | 1,399,691 | 281,385 | 46,953 | - |
| Highways | | | | |
| Highway Maintenance | 1,203,079 | 25,143 | 269,453 | 410,730 |
| Open Space | 7,936 | - | - | - |
| Parks and Recreation | 66,785 | - | 4,170 | - |
| Total Governmental Activities | <u>3,274,143</u> | <u>404,404</u> | <u>359,243</u> | <u>410,730</u> |
| Business-type Activities | | | | |
| Sewer | 1,388,470 | 1,539,356 | - | - |
| Golf Driving Range | 77,795 | 96,130 | - | - |
| Total Business-type Activities | <u>1,466,265</u> | <u>1,635,486</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,740,408</u> | <u>\$ 2,039,890</u> | <u>\$ 359,243</u> | <u>\$ 410,730</u> |

General Revenues

Taxes

 Real Estate Taxes

 Real Estate Transfer Taxes

 Earned Income Taxes

 Local Services Tax

Investment Income and Rents

Miscellaneous

Gain on Sale of Capital Assets

 Total General Revenues

Change in Net Position

Net Position

 Beginning of Year

 End of Year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$ (77,348) | \$ - | \$ (77,348) |
| (162,913) | - | (162,913) |
| (109,446) | - | (109,446) |
| (110,402) | - | (110,402) |
| (1,071,353) | - | (1,071,353) |
| (497,753) | - | (497,753) |
| (7,936) | - | (7,936) |
| (62,615) | - | (62,615) |
| <u>(2,099,766)</u> | <u>-</u> | <u>(2,099,766)</u> |
| - | 150,886 | 150,886 |
| - | 18,335 | 18,335 |
| <u>-</u> | <u>169,221</u> | <u>169,221</u> |
| <u>(2,099,766)</u> | <u>169,221</u> | <u>(1,930,545)</u> |
| 920,551 | - | 920,551 |
| 355,411 | - | 355,411 |
| 1,858,339 | - | 1,858,339 |
| 84,941 | - | 84,941 |
| 396,790 | 38,217 | 435,007 |
| 26,167 | - | 26,167 |
| 12,251 | - | 12,251 |
| <u>3,654,450</u> | <u>38,217</u> | <u>3,692,667</u> |
| 1,554,684 | 207,438 | 1,762,122 |
| <u>19,580,245</u> | <u>3,832,618</u> | <u>23,412,863</u> |
| <u>\$ 21,134,929</u> | <u>\$ 4,040,056</u> | <u>\$ 25,174,985</u> |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Balance Sheet
Governmental Funds
December 31, 2025**

| | <u>General Fund</u> | <u>Open Space Fund</u> | <u>Capital Reserve Fund</u> |
|--|----------------------------|----------------------------|---------------------------------|
| Assets | | | |
| Cash | \$ 762,691 | \$ 2,668,676 | \$ 625,435 |
| Taxes Receivable | 473,353 | 191,000 | - |
| Other Receivable | 9,697 | - | - |
| Leases Receivable | 152,330 | - | - |
| | <u>1,398,071</u> | <u>2,859,676</u> | <u>625,435</u> |
| Total Assets | <u>\$ 1,398,071</u> | <u>\$ 2,859,676</u> | <u>\$ 625,435</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable and Accrued Expenses | \$ 8,694 | \$ - | \$ - |
| Deferred Inflows of Resources | | | |
| Deferred Taxes | 217,959 | 94,106 | - |
| Deferred Rental Receipts | 139,071 | - | - |
| Total Deferred Inflows of Resources | <u>357,030</u> | <u>94,106</u> | <u>-</u> |
| Fund Balances | | | |
| Restricted | - | 2,362,554 | - |
| Assigned | - | 403,016 | 625,435 |
| Unassigned | 1,032,347 | - | - |
| Total Fund Balances | <u>1,032,347</u> | <u>2,765,570</u> | <u>625,435</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,398,071</u> | <u>\$ 2,859,676</u> | <u>\$ 625,435</u> |

See notes to financial statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|--------------------------------|
| \$ 113,465 | \$ 4,170,267 |
| 15,188 | 679,541 |
| - | 9,697 |
| - | 152,330 |
| <u>\$ 128,653</u> | <u>\$ 5,011,835</u> |

| | |
|-----------------|------------------|
| <u>\$ 1,964</u> | <u>\$ 10,658</u> |
| 15,107 | 327,172 |
| - | 139,071 |
| <u>15,107</u> | <u>466,243</u> |

| | |
|-------------------|---------------------|
| 67,667 | 2,430,221 |
| 43,915 | 1,072,366 |
| - | 1,032,347 |
| <u>111,582</u> | <u>4,534,934</u> |
| <u>\$ 128,653</u> | <u>\$ 5,011,835</u> |

EAST ROCKHILL TOWNSHIP
Reconciliation of Total Governmental Funds Balances to
Net Position of Governmental Activities
December 31, 2025

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | \$ 4,534,934 |
| 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 in Funds, Net of Accumulated Depreciation of \$6,503,239. | 15,952,850 |
| Equity Interest in Joint Venture | 1,200,000 |
| Other Long-Term Assets Are Not Available to Pay for Current Period Expenditures, and Therefore Are Deferred in the Funds. | |
| Taxes Receivable | 327,172 |
| Net Pension Asset | 667,942 |
| Deferred Pension Outflows of Resources Are Not Available in the Current Period, and Therefore Are Not Reported in the Funds | 116,641 |
| Long-Term Liabilities Are Not Due and Payable in the Current Period, and Therefore Are Not Reported in the Funds. | |
| General Obligation Notes Payable | (1,477,703) |
| Deferred Inflows of Resources Are Not Available in the Current Period | |
| Pension Inflows | <u>(186,907)</u> |
| Net Position of Governmental Activities | <u><u>\$ 21,134,929</u></u> |

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2025

| | <u>General Fund</u> | <u>Open Space Fund</u> | <u>Capital Reserve Fund</u> |
|---|---------------------|----------------------------|---------------------------------|
| Revenues | | | |
| Taxes | \$ 2,340,290 | \$ 612,728 | \$ - |
| Intergovernmental | 53,348 | - | 429,283 |
| Charges for Services | 259,117 | - | - |
| Fines, Licenses, Permits | 120,144 | - | - |
| Interest Income and Rents | 204,978 | 106,681 | 66,046 |
| Miscellaneous | 26,166 | - | 18,821 |
| Total Revenues | <u>3,004,043</u> | <u>719,409</u> | <u>514,150</u> |
| Expenditures | | | |
| General Governmental | 558,188 | - | 2,435 |
| Public Safety | 1,234,920 | - | - |
| Public Works | 701,372 | - | 101,851 |
| Land Preservation | - | 46,767 | - |
| Parks and Recreation | - | - | 1,235 |
| Sanitation | 34,390 | - | - |
| Debt Service - Principal | - | - | - |
| Debt Service - Interest | - | - | - |
| Capital Expenditures | 102,148 | 687,823 | 3,479,658 |
| Miscellaneous Governmental | 52,869 | - | - |
| Total Expenditures | <u>2,683,887</u> | <u>734,590</u> | <u>3,585,179</u> |
| Excess (Deficit) of Revenues Over Expenditures | <u>320,156</u> | <u>(15,181)</u> | <u>(3,071,029)</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from General Obligation Note | - | - | 950,000 |
| Operating Transfers In (Out) | (400,000) | - | 530,000 |
| Total Other Financing Sources (Uses) | <u>(400,000)</u> | <u>-</u> | <u>1,480,000</u> |
| Changes in Fund Balances | (79,844) | (15,181) | (1,591,029) |
| Fund Balances | | | |
| Beginning of Year, as Originally Stated | 1,112,191 | 2,780,751 | 2,216,464 |
| Adjustment for Change in Fund Classification (Note 13) | - | - | - |
| Beginning of Year, as Restated | <u>1,112,191</u> | <u>2,780,751</u> | <u>2,216,464</u> |
| End of Year | <u>\$ 1,032,347</u> | <u>\$ 2,765,570</u> | <u>\$ 625,435</u> |

See notes to financial statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|--------------------------------|
| \$ 283,919 | \$ 3,236,937 |
| 280,772 | 763,403 |
| - | 259,117 |
| - | 120,144 |
| 19,085 | 396,790 |
| - | 44,987 |
| 583,776 | 4,821,378 |
| - | 560,623 |
| 122,960 | 1,357,880 |
| 237,381 | 1,040,604 |
| - | 46,767 |
| - | 1,235 |
| - | 34,390 |
| 102,339 | 102,339 |
| 20,437 | 20,437 |
| 137,499 | 4,407,128 |
| - | 52,869 |
| 620,616 | 7,624,272 |
| (36,840) | (2,802,894) |
| - | 950,000 |
| (130,000) | - |
| (130,000) | 950,000 |
| (166,840) | (1,852,894) |
| 104,965 | 6,214,371 |
| 173,457 | 173,457 |
| 278,422 | 6,387,828 |
| \$ 111,582 | \$ 4,534,934 |

EAST ROCKHILL TOWNSHIP
Reconciliation of the Net Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2025

| | |
|---|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (1,852,894) |
| Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because | |
| Governmental Funds Report Capital Outlays 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 Capital Outlays of \$4,407,129 Exceeded Depreciation of \$388,511. | 4,018,618 |
| Revenues in the Statement of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenues in the Funds. | |
| Taxes Receivable | 7,448 |
| Proceeds from the Issuance of General Obligation Notes Payable Is a Revenue in the Governmental Funds, but the Proceeds Increase Liabilities in the Statement of Net Position. | (950,000) |
| Repayment of Notes Payable Principal Is an Expenditure in the Governmental Funds, but the Repayment Reduces Liabilities in the Statement of Net Position. | 102,339 |
| Deferred Inflows of Resources Do Not Require the Use of Current Financial Resources and, Therefore, Are Not Reported as Revenues or Expenditures in Governmental Funds. | |
| Deferred Pension Outflows | (60,763) |
| Deferred Pension Inflows | (186,050) |
| Net Pension Liability | 475,986 |
| Change in Net Position of Governmental Activities | <u><u>\$ 1,554,684</u></u> |

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Net Position
Proprietary Funds
December 31, 2025

| | Sewer Fund | Golf Driving Range and Park Fund | Total Proprietary Funds |
|---|--------------|--|-------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash | \$ 831,404 | \$ 68,746 | \$ 900,150 |
| Accounts Receivable | 341,775 | - | 341,775 |
| Due from PWTA | 4,149 | - | 4,149 |
| Total Current Assets | 1,177,328 | 68,746 | 1,246,074 |
| Noncurrent Assets | | | |
| Net Capital Assets | 3,117,013 | 57,067 | 3,174,080 |
| Total Assets | 4,294,341 | 125,813 | 4,420,154 |
| Liabilities | | | |
| Current Liabilities | | | |
| Current Portion of General Obligation Notes | 25,000 | - | 25,000 |
| Accounts Payable and Accrued Expenses | 5,098 | - | 5,098 |
| Total Current Liabilities | 30,098 | - | 30,098 |
| Noncurrent Liabilities | | | |
| General Obligation Notes Payable | 350,000 | - | 350,000 |
| Total Liabilities | 380,098 | - | 380,098 |
| Net Position | | | |
| Invested in Capital Assets, Net of Related Debt | 2,742,013 | 57,067 | 2,799,080 |
| Unrestricted | 1,172,230 | 68,746 | 1,240,976 |
| Total Net Position | \$ 3,914,243 | \$ 125,813 | \$ 4,040,056 |

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2025

| | <u>Sewer Fund</u> | <u>Golf Driving Range and Park Fund</u> | <u>Total Proprietary Funds</u> |
|--|---------------------|---|--|
| Operating Revenues | | | |
| Charges for Services | \$ 1,518,391 | \$ - | \$ 1,518,391 |
| Fees | - | 96,130 | 96,130 |
| Miscellaneous | 20,965 | - | 20,965 |
| Total Operating Revenues | <u>1,539,356</u> | <u>96,130</u> | <u>1,635,486</u> |
| Operating Expenses | | | |
| Materials and Supplies | 518,874 | 18,583 | 537,457 |
| Salaries, Wages and Employee Benefits | 286,418 | 35,214 | 321,632 |
| PWTA | 239,508 | - | 239,508 |
| Depreciation | 130,713 | 15,828 | 146,541 |
| Insurance | 46,849 | - | 46,849 |
| Utilities | 38,248 | 2,032 | 40,280 |
| Operations | 38,085 | - | 38,085 |
| Professional Fees | 31,915 | - | 31,915 |
| Repairs and Maintenance | 17,318 | 6,138 | 23,456 |
| Plant Management | 22,340 | - | 22,340 |
| Miscellaneous | 5,338 | - | 5,338 |
| Communications | 4,957 | - | 4,957 |
| Data Processing | 1,970 | - | 1,970 |
| Total Operating Expenses | <u>1,382,533</u> | <u>77,795</u> | <u>1,460,328</u> |
| Operating Gain (Loss) Before Nonoperating Revenues (Expenses) | <u>156,823</u> | <u>18,335</u> | <u>175,158</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest Income | 35,602 | 2,615 | 38,217 |
| Interest Expense | (5,937) | - | (5,937) |
| Total Nonoperating Revenues (Expenses) | <u>29,665</u> | <u>2,615</u> | <u>32,280</u> |
| Change in Net Position | 186,488 | 20,950 | 207,438 |
| Net Position | | | |
| Beginning of Year | <u>3,727,755</u> | <u>104,863</u> | <u>3,832,618</u> |
| End of Year | <u>\$ 3,914,243</u> | <u>\$ 125,813</u> | <u>\$ 4,040,056</u> |

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2025

| | Sewer Fund | Golf Driving Range and Park Fund | Total Proprietary Funds |
|---|--------------|--|-------------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers | \$ 1,460,251 | \$ 96,130 | \$ 1,556,381 |
| Miscellaneous Revenue | 20,965 | - | 20,965 |
| Payments to Suppliers | (902,237) | (26,753) | (928,990) |
| Payments to Employees | (286,418) | (35,214) | (321,632) |
| Other Payments | (46,849) | - | (46,849) |
| Net Cash Provided by Operating Activities | 245,712 | 34,163 | 279,875 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Principal Paid on Capital Debt | (25,000) | - | (25,000) |
| Interest Paid on Capital Debt | (5,937) | - | (5,937) |
| Net Cash Used in Capital and Related Financing Activities | (30,937) | - | (30,937) |
| Cash Flows from Investing Activities | | | |
| Purchase of Capital Assets | - | (49,604) | (49,604) |
| Interest Income | 35,602 | 2,615 | 38,217 |
| Net Cash Provided by (Used in) Investing Activities | 35,602 | (46,989) | (11,387) |
| Net Increase (Decrease) in Cash | 250,377 | (12,826) | 237,551 |
| Cash | | | |
| Beginning of Year | 581,027 | 81,572 | 662,599 |
| End of Year | \$ 831,404 | \$ 68,746 | \$ 900,150 |
| Reconciliation of Operating Gain to Net Cash Provided by Operating Activities | | | |
| Operating Gain | \$ 156,823 | \$ 18,335 | \$ 175,158 |
| Adjustments to Reconcile Operating Gain to Net Cash Provided by Operating Activities | | | |
| Depreciation Expense | 130,713 | 15,828 | 146,541 |
| Change in Assets and Liabilities | | | |
| Accounts Receivable | (58,140) | - | (58,140) |
| Due from PWTA | 16,816 | - | 16,816 |
| Accounts Payable and Accrued Expenses | (500) | - | (500) |
| Net Cash Provided by Operating Activities | \$ 245,712 | \$ 34,163 | \$ 279,875 |

See notes to financial statements.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025**

Assets

Cash \$ 442,429

Liabilities

-

Net Position

Restricted for
Held for Individuals, Organization and Others \$ 442,429

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended December 31, 2025

Additions

| | |
|-----------------|------------|
| Escrow Deposits | \$ 209,249 |
|-----------------|------------|

Deductions

| | |
|-------------------------|---------|
| Escrow Releases | 32,193 |
| Professional Fees | 113,967 |
| Administrative Expenses | 11,373 |
| Other Expenses | 109,339 |
| Total Deductions | 266,872 |

| | |
|------------------------|----------|
| Change in Net Position | (57,623) |
|------------------------|----------|

Net Position, Held for Individuals, Organizations and Others

| | |
|-------------------|---------|
| Beginning of Year | 500,052 |
|-------------------|---------|

| | |
|-------------|------------|
| End of Year | \$ 442,429 |
|-------------|------------|

See notes to financial statements.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Rockhill Township (the Township) was incorporated in 1740, in Bucks County, Pennsylvania. The Township is classified as a “Township of the Second Class” under the laws of the Commonwealth of Pennsylvania and provides the following services as authorized by its charter: public safety, highways and streets, sewer treatment and sanitation, culture-recreation, public improvements, planning and zoning, and general and administrative services.

The Township complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board Accounting Standards Codifications issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 61, requires East Rockhill Township to include all component units in its annual financial statements. A component unit is defined as any legally separate entity which is controlled by and is financially accountable to the Township.

The Township has no component units. The Township does participate in two joint ventures described as follows:

Police Services - In 1991, the Township joined with two neighboring municipalities to form the Pennridge Regional Police Department (PRPD). The PRPD provides local police services to all participating municipalities. The costs to operate the PRPD are funded by contributions from each municipality. The costs are allocated among the municipalities based upon the number of “Police Protection Units” (PPU) the municipality desires.

Effective January 1, 2003, one of the three members funding the PRPD withdrew and is no longer receiving police services. The operating budget for PRPD was shared equally by East Rockhill and West Rockhill Townships until 2014 which is when the Township reduced their hours of coverage from the PRPD. In 2025, the Township’s portion of coverage represented 46%. Therefore, East Rockhill Township’s commitment to PRPD for 2025 was \$1,181,222.

On May 19, 2010, the Township, West Rockhill Township and the Pennridge Regional Police Commission (the Commission) entered into a joint municipal agreement to authorize and facilitate the construction of a new headquarters for the Commission. As of December 31, 2011, the Township has recorded an asset, equity interest in joint venture, in the amount of \$1,200,000. Each Township borrowed \$1,200,000 to finance the construction of a new police headquarters for the PRPD. In the event of dissolution of the PRPD, each Township will receive its share of the property value.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Sewage Treatment Services - The Township has joined with several municipalities to form the Pennridge Wastewater Treatment Authority (PWTA). PWTA provides sewage treatment services to all or portions of the member municipalities. The normal operating costs are assessed among all the municipalities based upon their proportionate shares of equivalent dwelling units (EDU's). Capital construction and upgrade costs are assessed based upon the percentages of plant capacity attributed to each municipality.

The Township began treating some of its own solid waste during 2001 when its newly constructed sewage treatment plant became operational. The Township still has a portion of its solid waste treated by PWTA.

Fire Company Services - In addition, the Township provides some financial support to five fire companies – the Sellersville, Quakertown, Perkasie, Haycock and Dublin Volunteer Fire Companies. Since there is no fiscal dependency, financial benefit or burden relationship, these organizations have been excluded from the reporting entity. The Township levies and collects real estate taxes designated for allocation among the five fire companies. Additionally, on occasion the Township donates funds for various capital projects of the fire companies, and pays certain expenses on their behalf. Annual appropriations totaled \$122,960 for the year ended December 31, 2025.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the reporting government as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Township.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net positions restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into three major categories: governmental, proprietary and fiduciary.

Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the Township or if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

| <u>Fund</u> | <u>Description</u> | <u>Major Fund?</u> |
|--------------------|---|--------------------|
| State Liquid Fuels | Accounts for revenues and expenditures of state liquid fuels grant funds | No |
| Fire | Accounts for revenues and expenditures of fire protection tax funds | No |
| Street Light | Accounts for revenues and expenditures of street light tax funds | No |
| Open Space | Accounts for issuance of long-term debt to be spent preserving open space in the Township | Yes |

Capital Projects Funds - Capital projects funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

| <u>Fund</u> | <u>Description</u> | <u>Major Fund?</u> |
|----------------------|---|--------------------|
| Capital Reserve | Accounts for acquisition or construction of major capital facilities | Yes |
| Capital Improvements | Accounts for revenues and expenditures of capital improvement tax funds | No |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

Governmental Funds (continued)

Debt Service Fund - This fund is used to account for financial resources that are restricted, committed or assigned to expenditure for principal and interest. The reporting entity includes the following debt service fund:

| <u>Fund</u> | <u>Description</u> | <u>Major Fund?</u> |
|---------------------|---|--------------------|
| Police Headquarters | Accounts for payment of principal and interest on the Township's portion of the Pennridge Regional Police Department new Headquarters | No |

Proprietary Funds

Enterprise Fund - Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

| <u>Fund</u> | <u>Description</u> |
|----------------------------------|---|
| Sewer Fund | Accounts for user fees, connection and tapping fees, as well as all expenses related to providing sewage treatment for certain residents of the Township. |
| Golf Driving Range and Park Fund | Accounts for revenues and expenses to operate a driving range facility located in the Township's park system. |

Fiduciary Funds

Custodial Funds - Custodial Funds (which includes the Developers' Legal and Engineering Escrow Fund) are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
3. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Major revenue sources susceptible to accrual include earned income taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after yearend. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expense and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Cash Equivalents

For reporting purposes, the Township considers all certificates of deposit with an original maturity of less than 90 days to be cash and cash equivalents.

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated cash requirements during the period.

The overall strategy of holding deposits and making investments is to expose the Township to a minimum amount of credit risk and market risk. All bank balances or deposits as of the balance sheet date are entirely insured or collateralized under a pooled asset program to secure public deposits as required by the Commonwealth of Pennsylvania.

E. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 8 for details of interfund transactions, including receivables and payables at year end.

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the resident’s property if the resident does not remit payment. Major receivable balances for the governmental activities include real estate taxes, earned income taxes, and grants. Business-type activities report utility billings and sewer expansion assessments as their major receivables.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables (continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as real estate tax, earned income tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund receivables consist of all revenues earned at yearend and not yet received. Utility billing accounts receivable compose proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

G. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. The Township's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost, and comprehensively reported in the government-wide financial statements. The Township developed infrastructure asset records in connection with the implementation of GASB Statement No. 34. Proprietary capital assets are also reported in their respective funds. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with costs of \$3,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is shown below.

| Classifications | Years |
|--|-------|
| Buildings | 30-40 |
| Park Improvements | 20-50 |
| Vehicles and Heavy Equipment | 5-10 |
| Office Equipment | 3-10 |
| Street, Roads, Bridges, and Storm Sewers | 50 |
| Sewer Plant and Infrastructure | 50 |
| Golf Driving Range Equipment | 5-20 |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

H. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest, and issuance costs reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

I. Compensated Absences

The Township employees accumulate sick time in accordance with their contracts. Employees are granted 9 days sick leave per year and are paid for any unused sick leave at the end of the year.

The Township's vacation policy for employees encourages the use of all vacation days during the calendar year. Vacation allowances vary depending on length of service, and upon retirement or termination are paid at 100% of the respective employee's pay rate.

The Township had no liability to employees for vested sick and vacation pay as of December 31, 2025.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. **Invested in capital assets, net of related debt** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** - Consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable – includes amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be kept intact. The Township did not have any nonspendable fund balances at December 31, 2025.

Restricted – includes amounts that are restricted for specific purposes by constitutional provisions, enabling legislation, or externally imposed constraints.

Committed – includes amounts that can only be used for specific purposes with constraints that are established by a formal action of the Board of Supervisors (the Board). The constraint can only be changed or removed by another formal action of the Board. The Township's fund balance policy requires passage of a Resolution or an Ordinance by the Board in order to set aside funds as Committed. The Township did not have any committed fund balances at December 31, 2025.

Assigned – includes amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances include all remaining government fund amounts, other than the General Fund, that are not classified as nonspendable, restricted or committed, and are intended for a specific purpose. The intent is expressed by the Board, or an individual to whom the Board has designated authority. The Township's fund balance policy grants this authority to the Township Manager and or Secretary/Treasurer, as well as the Board of Supervisors.

Unassigned – this amount is the residual classification for the General Fund, and any negative fund balances in other governmental funds. Other governmental funds cannot report any positive unassigned amounts.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Equity Classifications (continued)

Fund Statements (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts, then unassigned amounts.

The Township does not currently have a formal minimum fund balance policy.

Proprietary fund equity is classified the same as in the government-wide statements.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one type of this item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Township has two types of this item that qualify for reporting in this category in the government-wide statements and fund financial statements (deferred pension inflows, and deferred rental receipts). Accordingly, this item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report *unavailable revenue* from three sources: property taxes, earned income taxes and local services taxes. The government wide statement does not report unavailable revenues.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

| | |
|-----------------------------------|--|
| Governmental Funds - By Character | Current (further classified by function) |
| | Debt Service |
| | Capital Outlay |

Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

N. Estimates

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

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Stewardship, Compliance, and Accountability

Budgetary Data

The following procedures are used by the Township in establishing budgetary data which is reflected in the financial statements.

1. The Township prepares and advertises a proposed budget at least twenty days before the budget is adopted.
2. Public hearings are conducted to obtain comments from taxpayers regarding the proposed budget.
3. The budget is formally adopted by the Board members prior to December 31.
4. The budget is prepared and adopted using the modified accrual basis of accounting, which is consistent with the basis used by the Township for financial reporting.
5. Amendments may be approved by the Board during the year.

Excess of Expenditures Over Appropriations

The Township has presented budget to actual comparisons for the General, Open Space, Sewer, and Golf Driving Range and Park Funds. For the year ended December 31, 2025, General Fund expenditures exceeded appropriations in various categories in the amount of \$124,141, Open Space by \$187,823, Sewer Fund by \$46,264 and Golf Driving Range and Park Funds by \$14,078. These excess expenditures were funded by greater than anticipated revenues and prior year fund balance.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

2. CASH

Cash as of December 31, 2025, is classified in the accompanying financial statements as follows:

| | |
|-------------------------------------|----------------------------|
| Statement of Net Position | |
| Cash | \$ 5,070,417 |
| Statement of Fiduciary Net Position | |
| Cash | <u>442,429</u> |
| Total Cash | <u><u>\$ 5,512,846</u></u> |

Cash Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. Township deposits are entirely insured or collateralized under a pooled asset program to secure public deposits, in accordance with Act 72 of the Commonwealth of Pennsylvania. As of December 31, 2025, \$6,379,314 of the Township’s bank balance of \$6,629,314 was uninsured, but collateralized by securities held by the bank or by its trust department or agent but not in the Township’s name.

3. RECEIVABLES

A. Earned Income/Local Services Tax Receivable and Deferred Revenue

The Township assesses an earned income tax of 0.625%, which includes 0.125% for open space land acquisition and development. Additionally, the Township assesses the local services tax of \$52 for individuals working in the Township. Based upon historical trends, it is estimated that taxes receivable at December 31, 2025, are as follows:

| | Earned Income | Open Space | Local Services | Total |
|--|--------------------------|-------------------------|------------------------|--------------------------|
| Taxes Receivable | \$ 399,000 | \$ 191,000 | \$ 21,000 | \$ 611,000 |
| Current Portion Included in Revenue | <u>200,434</u> | <u>96,894</u> | <u>19,088</u> | <u>316,416</u> |
| Deferred Revenue | <u><u>\$ 198,566</u></u> | <u><u>\$ 94,106</u></u> | <u><u>\$ 1,912</u></u> | <u><u>\$ 294,584</u></u> |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025

3. RECEIVABLES (continued)

B. Property Taxes Receivable

Taxes are levied on March 1 based on the assessed value established by the Bucks County Board of Assessments. Real property in the Township was originally assessed at \$74,840,240 for 2025. Property taxes attach as an enforceable lien on property as of January 15 of the following year. The Township receives all tax collections through its tax collector. The Township is legally permitted to levy up to 14 mills (19 with court approval) of assessed property valuation for general purposes and 3 mills for fire tax purposes. The Township's assessed millage for 2025 was 8.725 mills for general purposes, 1 mill for fire tax purposes, 1.26 mills for debt service purposes (police headquarters), and 1.25 mills for capital improvements. Property taxes receivable at December 31, 2025, was \$13,805.

C. Sewer Fees Receivable

Sewer fees are billed at the end of each quarter of service. At December 31, 2025, sewer fees receivable totaled \$341,775.

D. Street Light Receivable

The Township assesses an annual street light flat fee of \$41 per residence in certain developments where street lights are maintained. At December 31, 2025, street light receivable totaled \$6,754.

E. Lease Receivable

Farmland Rent

The Township leases farmland at 700 Branch Road and 1901 Branch Road. Under the terms of the lease agreements, annual rent is \$75 and \$750, respectively. These leases automatically renew every year. The leases extend until cancelled, with notice, by either party. These leases are not considered material and are not included in the lease receivable calculations.

Building Rent

The Township has three leases for houses at 1920 N. Ridge Road, 1802 Ridge Road, and 426 Three Mile Run Road. Under the terms of the lease agreements, monthly rent is \$1,150, \$2,500, and \$2,100 respectively. These leases are on an automatic month to month renewal and can be cancelled, with notice, by either party. Due to the fact that either party can terminate at any time and that the amount of years to be renewed is unknown, these leases are not included in the lease receivable calculation.

Cell Tower Leases

The Township has entered into several leases for the rental of space for cell tower antennae. Each agreement has multiple renewal options for five year periods, and call for 3% percent increases each year. Currently, one expired in 2025, one expires in 2027 and the last expires in 2028. These leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.25%, which is the rate on the Township's general obligation note as of January 1, 2022. In 2025, the Township recognized \$66,084 of operating lease revenue and \$4,936 of interest revenue under these leases.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

3. RECEIVABLES (continued)

E. Lease Receivable (continued)

The Township's future minimum lease payments are as follows:

| Year | Principal | Interest | Total Lease Payments |
|------|------------|----------|----------------------------|
| 2026 | \$ 65,189 | \$ 3,427 | \$ 68,616 |
| 2027 | 68,713 | 1,961 | 70,674 |
| 2028 | 18,428 | 415 | 18,843 |
| | \$ 152,330 | \$ 5,803 | \$ 158,133 |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

| | Balance 1/1/25 | Additions | Disposals | Balance 12/31/25 |
|---|-------------------|--------------|-----------|---------------------|
| Governmental Activities | | | | |
| Assets Not Being Depreciated | | | | |
| Land and Conservation Easements | \$ 6,731,279 | \$ 687,823 | \$ - | \$ 7,419,102 |
| Depreciable Assets | | | | |
| Buildings | 2,206,260 | 3,587,541 | - | 5,793,801 |
| Park Improvements | 400,695 | - | - | 400,695 |
| Vehicles and Heavy Equipment | 1,290,048 | 81,935 | 18,376 | 1,353,607 |
| Office Equipment | 25,082 | - | - | 25,082 |
| Infrastructure | 7,413,972 | 49,830 | - | 7,463,802 |
| Total Depreciable Assets | 11,336,057 | 3,719,306 | 18,376 | 15,036,987 |
| Less Accumulated Depreciation | | | | |
| Buildings | 760,685 | 47,085 | - | 807,770 |
| Park Improvements | 184,281 | 27,591 | - | 211,872 |
| Vehicles and Heavy Equipment | 860,466 | 121,592 | 18,376 | 963,682 |
| Office Equipment | 20,133 | 4,218 | - | 24,351 |
| Infrastructure | 4,307,539 | 188,025 | - | 4,495,564 |
| Total Accumulated Depreciation | 6,133,104 | 388,511 | 18,376 | 6,503,239 |
| Total Governmental Activities Net Capital Assets | \$ 11,934,232 | \$ 4,018,618 | \$ - | \$ 15,952,850 |
| Business-Type Activities | | | | |
| Assets Not Being Depreciated | | | | |
| Land | \$ 112,993 | \$ - | \$ - | \$ 112,993 |
| Depreciable Assets | | | | |
| Sewer Plant | 1,893,840 | - | - | 1,893,840 |
| Sewer Interceptor | 375,539 | - | - | 375,539 |
| Sewer Collection System | 2,227,960 | - | - | 2,227,960 |
| Pump Station | 995,672 | - | - | 995,672 |
| Equipment | 54,643 | 49,604 | - | 104,247 |
| Vehicle | 99,933 | - | - | 99,933 |
| Total Depreciable Assets | 5,647,587 | 49,604 | - | 5,697,191 |
| Less Accumulated Depreciation | | | | |
| Sewer Plant | 962,883 | 94,057 | - | 1,056,940 |
| Sewer Interceptor | 177,129 | 7,511 | - | 184,640 |
| Sewer Collection System | 1,282,725 | 13,271 | - | 1,295,996 |
| Equipment | 15,598 | 16,716 | - | 32,314 |
| Vehicle | 51,228 | 14,986 | - | 66,214 |
| Total Accumulated Depreciation | 2,489,563 | 146,541 | - | 2,636,104 |
| Total Business-Type Activities Net Capital Assets | \$ 3,271,017 | \$ (96,937) | \$ - | \$ 3,174,080 |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

4. CAPITAL ASSETS (continued)

Depreciation expense was charged to programs as follows:

| | |
|---------------------------------|------------------------------|
| Governmental Activities | |
| General Government | \$ 94,330 |
| Public Safety | 2,443 |
| Highway Maintenance | 260,519 |
| Parks and Recreation | 31,219 |
| | <u>388,511</u> |
| Business-Type Activities | |
| Sewer System | 130,713 |
| Equipment | 15,828 |
| | <u>146,541</u> |
| Total Depreciation Expense | <u><u>\$ 535,052</u></u> |

5. LONG-TERM DEBT

The Township's General Long-Term Debt changed as follows during the year:

| | Balance 1/1/25 | Loan Proceeds | Principal Payments | Balance 12/31/25 | Due Within One Year |
|---------------------------------|-------------------|-------------------|-----------------------|---------------------|------------------------|
| Governmental Activities | | | | | |
| Notes from Direct Borrowings | | | | | |
| 2011 General Obligation Note | \$ 630,042 | \$ - | \$ 54,839 | \$ 575,203 | \$ 59,636 |
| 2025 General Obligation Note | - | 950,000 | 47,500 | 902,500 | 47,500 |
| Total | <u>\$ 630,042</u> | <u>\$ 950,000</u> | <u>\$ 102,339</u> | <u>\$ 1,477,703</u> | <u>\$ 107,136</u> |
| Business-Type Activities | | | | | |
| General Obligation Note | | | | | |
| Sewer Revenue Note | <u>\$ 400,000</u> | <u>\$ -</u> | <u>\$ 25,000</u> | <u>\$ 375,000</u> | <u>\$ 25,000</u> |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025

5. LONG-TERM DEBT (continued)

A. 2011 General Obligation Note

On December 9, 2011, the Township issued a \$1,200,000 General Obligation Note for the purpose of paying their share of the Pennridge Regional Police Commission (PRPC) General Obligation Note of \$2,400,000 to construct a new police headquarters. As a participating member of the PRPC, the Township is a co-signor and co-borrower on one-half of this note, or \$1,200,000. The borrower is the PRPC, but the note satisfies the obligations of the Township as co-signor and co-borrower of the PRPC Note. Beginning in 2010, the Township has a 1.26 tax mill for debt service for this note and is paying the PRPC for its share of the debt service payments. However, the actual payments on the note are made by the PRPC. The note bears interest on the unpaid balance of principal at the tax exempt rates of interest set forth. If not sooner, the entire principal balance outstanding and any accrued interest are due and payable on June 30, 2037. The tax-exempt rates of interest (as defined in the PRPC note) shall at no time exceed 6% per year, nor after the first interest rate adjustment date (as defined in the PRPC note) will be less than the floor of 4%. The repayment schedule of this note is:

1. Beginning January 31, 2011, and thereafter on the last day of each succeeding month, the borrower paid interest only, on a monthly basis, on the advanced and unpaid balance of principal, until June 30, 2012, at an interest rate of 3.125% per annum.
2. Beginning July 31, 2012 (called the "Principal Repayment Commencement Date") and thereafter on the last day of each succeeding month for a period of sixty months, borrower shall repay the principal sum of the note, together with interest at the fixed rate of 3.125%, in equal successive monthly payments of \$5,797. During 2016, an extra principal payment of \$5,617 was made due to timing of the payments. On October 31, 2020, the interest rate changed to 1.80%.
3. On the 5th, 10th, 15th and 20th anniversary dates of the Principal Repayment Commencement Date, the interest rate payable will be set to a fixed rate equivalent to 80% of the Wall Street Journal Prime Rate.

Interest expense for the year totaled \$14,728.

B. 2025 General Obligation Note

On February 12, 2025, the Township issued a \$1,750,000 General Obligation Note for the purpose of construction of a new Public Works building. The Township only drew down \$950,000 of this note as of December 31, 2025 and will not be drawing down any additional funds. Thereafter, the Township will pay interest payments based on the outstanding cumulative balance each May and November, until the maturity date, and principal payments of \$47,500 each November. The note bears interest at the tax exempt fixed rate of 4.27 % until January 31, 2031. Beginning February 1, 2031 until maturity, the interest rate will be a variable rate reset on the first day of each month. The variable rate will be seventy percent of the Wall Street Journal Prime rate. Interest expense for the year totaled \$5,658.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

5. LONG-TERM DEBT (continued)

C. Sewer Revenue Note

In 2021, the Township issued a \$500,000 Sewer Revenue Note (non-electoral debt) for the purpose of the replacement of the Three Mile Run Road Sewer Pumping Station and the costs of issuing the Note. Interest only payments are to be made based on the principal balance outstanding beginning November 1, 2021, and thereafter on May 1st and November 1st each year. On the tenth anniversary of the note and thereafter on a monthly basis, the Bank shall reset the interest rate to 65% of the “Prime Rate” published by the Wall Street Journal. The rate will not increase above the maximum interest rate of 4.0%. Principal payments are to be made in twenty equal installments of \$25,000 beginning November 1, 2021 until the maturity date of November 1, 2040.

Interest expense for the year totaled \$5,937.

Repayment of the debt is guaranteed by sewer revenues as well as the full faith, credit, and taxing power of the Township. The debt is reported in the Proprietary Funds.

D. Future Debt Service Requirements

Future debt service requirements of long-term debt in governmental activities are as follows:

| <u>Year</u> | <u>Notes from Direct Borrowings</u> | | <u>Total Debt Service</u> |
|-------------|-------------------------------------|-------------------|---------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2026 | \$ 107,136 | \$ 48,467 | \$ 155,603 |
| 2027 | 108,234 | 45,341 | 153,575 |
| 2028 | 109,329 | 42,218 | 151,547 |
| 2029 | 110,489 | 39,029 | 149,518 |
| 2030 | 110,489 | 35,842 | 146,331 |
| 2031-2035 | 504,526 | 131,285 | 635,811 |
| 2036-2040 | 237,500 | 70,989 | 308,489 |
| 2041-2045 | 190,000 | 20,283 | 210,283 |
| Total | <u>\$ 1,477,703</u> | <u>\$ 433,454</u> | <u>\$ 1,911,157</u> |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

5. LONG-TERM DEBT (continued)

D. Future Debt Service Requirements (continued)

Future debt service requirements of long-term debt in proprietary funds are as follows:

| <u>Year</u> | <u>Notes from Direct Borrowings</u> | | <u>Total Debt Service</u> |
|-------------|-------------------------------------|------------------|-------------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2026 | \$ 25,000 | \$ 5,625 | \$ 30,625 |
| 2027 | 25,000 | 5,250 | 30,250 |
| 2028 | 25,000 | 4,875 | 29,875 |
| 2029 | 25,000 | 4,500 | 29,500 |
| 2030 | 25,000 | 4,125 | 29,125 |
| 2031-2035 | 125,000 | 15,000 | 140,000 |
| 2036-2040 | 125,000 | 5,625 | 130,625 |
| Total | <u>\$ 375,000</u> | <u>\$ 45,000</u> | <u>\$ 420,000</u> |

6. FIDUCIARY FUND - DEVELOPERS' LEGAL AND ENGINEERING ESCROW FUND

The Developers' Legal and Engineering Escrow Fund is a custodial fund in that the Township has custodial capacity of funds deposited with it on behalf of developers. At December 31, 2025, \$442,429 was held in Developers' Legal and Engineering Escrow.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

7. FUND BALANCE CLASSIFICATIONS

| | General Fund | Open Space Fund | Capital Reserve Fund | Nonmajor Governmental Funds | Total |
|--------------------------|--------------------|--------------------|----------------------------|-----------------------------------|--------------------|
| Restricted for: | | | | | |
| Open Space Preservation | \$ - | \$2,362,554 | \$ - | \$ - | \$2,362,554 |
| Highway Improvements | - | - | - | 62,152 | 62,152 |
| Debt Service - Police | | | | | |
| Headquarters | - | - | - | 5,225 | 5,225 |
| Street Light Costs | - | - | - | 290 | 290 |
| | <u>-</u> | <u>2,362,554</u> | <u>-</u> | <u>67,667</u> | <u>2,430,221</u> |
| Assigned for: | | | | | |
| Open Space Preservation | - | 403,016 | - | - | 403,016 |
| Acquisition/Construction | | | | | |
| of Capital Improvements | - | - | 625,435 | 7,011 | 632,446 |
| Debt Service - Police | | | | | |
| Headquarters | - | - | - | 32,984 | 32,984 |
| Street Light Costs | - | - | - | 1,642 | 1,642 |
| Fire Protection | - | - | - | 2,278 | 2,278 |
| | <u>-</u> | <u>403,016</u> | <u>625,435</u> | <u>43,915</u> | <u>1,072,366</u> |
| Unassigned | <u>1,032,347</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,032,347</u> |
| Total Fund Balances | <u>\$1,032,347</u> | <u>\$2,765,570</u> | <u>\$ 625,435</u> | <u>\$ 111,582</u> | <u>\$4,534,934</u> |

8. INTERFUND TRANSACTIONS

Interfund transactions are as follows:

| Purpose | Receivable Fund | Payable Fund | Amount |
|-----------------------------------|-----------------|-----------------|------------|
| To Transfer Money for PW Building | Capital Reserve | General | \$ 400,000 |
| To Transfer Money for PW Building | Capital Reserve | Cap Improvement | \$ 130,000 |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS

The non-uniform pension plan information included in this note is based on the measurement date of December 31, 2024, which utilizes the January 1, 2025 actuarial valuation from information provided by Pennsylvania Municipal Retirement System (PMRS) as of that date.

A. Summary of Significant Accounting Policies

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions, if required, to the Plans are recognized when due, in accordance with Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. The Plans' assets are managed by the PMRS. The assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable securities.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

B. Description of Plans

The Township’s Non-Uniform Pension Plan is a single employer defined benefit pension plan controlled by provisions of Ordinance 271, adopted pursuant to Act 15 of 1974. The plan provides retirement and death benefits to non-uniformed employees. Additionally, in September 2013 the Township adopted Ordinance 272 to establish a cash balance plan for employees hired after July 1, 2013. The plans are part of the PMRS, which is an agent of the multiple-employer public employees' retirement system (PERS). It is the responsibility of PMRS to function as the investment and administrative agent for the Township with respect to these plans. PMRS maintains each municipality’s plans separately with that municipality’s contributions and related employees’ contributions and account earnings and activity. Assets are held separately and may only be used for the payment of benefits to members of the plan.

Responsibility for PMRS is vested in the eleven-member Pennsylvania Municipality Retirement Board. There are over 900 defined benefit and cash balance plans in PMRS, each of which has the authority to establish or amend its respective benefits and employee contribution rates, subject to PMRS Board approval. Employer contributions are actuarially determined by actuaries. PMRS has the broad authority of enabling a municipality to design its own retirement benefit structure. As an alternative, PMRS has two basic benefit structures: one for municipal employees and one for uniformed employees (police and fire fighters). However, municipalities may provide for benefits different from those basic structures. Automatic postretirement benefit increases are optional in plan contracts. Some member municipalities include the automatic increase; others occasionally grant an ad hoc cost-of-living (COLA) increase. The most common method of granting a postretirement benefit increase is through PMRS’ excess interest award. Member municipalities interested in amending benefits contact the PMRS staff to discuss desired amendments and to obtain a cost study. Amendments are drafted by the PMRS staff, reviewed by the Chief Counsel’s Office, adopted by the municipality, and submitted to the Board for formal approval. PMRS issues a separate Annual Comprehensive Financial Report (“ACFR”). A copy of the ACFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

Plan Membership

At the measurement date of January 1, 2025, plan membership in both plans consisted of the following:

| | |
|---|----|
| Active Employees | 7 |
| Retirees and Beneficiaries Currently Receiving Benefits | 5 |
| Terminated Employees Entitled to Benefits but Not Yet Receiving Them | - |
| Total | 12 |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

B. Description of Plans (continued)

The following table provides information concerning the **Township's Non-Uniform Employees' Pension Plans**:

| | |
|----------------------------|---|
| Covered Employees: | All full-time non-uniformed employees employed by the Township. |
| Normal Retirement: | For members hired prior to July 1, 2013: Age 50 and the completion of 10 years of credited service. For members hired on or after July 1, 2013: Age 55 and the completion of 10 years of credited service. |
| Vesting: | None for the first 10 years of service; thereafter 100%. |
| Retirement Benefit: | <p>For members hired prior to July 1, 2013, the annual basic benefit shall comprised of the sum of the following:</p> <ol style="list-style-type: none"> 1. An annuity calculated by multiplying the member's final salary by all years of credited service and multiplied by the benefit accrual rate of 2.0%. Provided however, in no event shall the annual basic benefit exceed 50% of the member's final salary. 2. An annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the optional member contributions and regular interest on the optional member contributions. <p>For members hired on or after July 1, 2013, the annual basic benefit shall be equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's accumulated deductions and municipal contributions made on behalf of the member.</p> |
| Death Benefit | |
| Before Retirement: | Beneficiary receives the balance of the member's account at the date of death. |
| After Retirement: | The form of benefit payment in force for such participant at the time death occurs. |
| Member Contributions Rate: | 5% |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

B. Description of Plans (continued)

Contributions

For employees hired prior to July 1, 2013, participating employees are required to contribute 5% of their salary to the Plan. If sufficient funds exist, the Township may annually elect to lower or waive the required member contribution rate for employees hired prior to July 1, 2013 by adopting a resolution and filing it with the Board. Employees may optionally contribute up to, but no more than 15% of their salary to the Plan.

For members hired on or after July 1, 2013, participating employees are required to contribute 5% of their salary to the Plan. Employees may optionally contribute up to, but no more than 15% of their salary to the Plan.

Any member who terminates prior to eligibility for vesting shall be entitled to a refund of all such monies paid by him or her into the fund, plus interest earned at 5.5% per annum while in the fund. If discontinuance is due to death, such money shall be paid to his or her designated beneficiary or estate.

The Township's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The employer's contribution rate for normal cost is determined using the entry age normal actuarial funding method.

The Township is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by state statute. The Commonwealth of Pennsylvania also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the plans.

C. Investments

The Plans' assets are managed by the PMRS. The Plans' assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS' separately issued ACFR. A copy of the ACFR can be obtained from the PMRS or contacting their accounting office.

The PMRS Board is governed by the "prudent investor" rule in establishing investment policy. The "prudent investor" rule requires the exercise of that degree of judgment, skill, and care under the circumstances then prevailing which investors of prudence, discretion, and intelligence, who are familiar with such matters, exercise in the management of their own affairs not in regard to speculation, but in regard to permanent disposition of the funds, considering the probable income to be derived there from, as well as the probable safety of their capital.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

C. Investments (continued)

The Board has adopted its Statement of Investment Policy to formally document investment objectives and responsibilities. This policy, as well as applicable state law, established guidelines for permissible investments of PMRS. The pension plan’s policy in regards to the allocation of invested plan assets is established and may be amended by the Board. The Board established its allocation goals as follows:

| | |
|---|-------|
| Domestic Equities (Large Capitalized Firms) | 24.5% |
| Domestic Equities (Small Capitalized Firms) | 8.0% |
| International Equities (Developed Markets) | 14.5% |
| International Equities (Emerging Markets) | 3.0% |
| Global Equities | 5.0% |
| Fixed Income (Core Investment Credit) | 24.0% |
| Fixed Income (Opportunistic Credit) | 5.0% |
| Real Estate | 10.0% |
| Timber | 5.0% |
| Cash | 1.0% |

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense, was 9.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

D. Net Pension Liability (Asset) of the Township

The component of the net pension liability (asset) of the Township at December 31, 2025, was as follows:

| | |
|---|---------------------|
| Total Pension Liability | \$ 3,567,525 |
| Plan Fiduciary Net Position | <u>(4,235,467)</u> |
| Township’s Net Pension Liability (Asset) | <u>\$ (667,942)</u> |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 118.72% |

Actuarial Assumptions

The total pension liability for the Plan is measured as of December 31, 2024, based on the actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|---------------------------|--|
| Salary Increases | Age-related scale with merit and inflation component |
| Investment Rate of Return | 5.50% |
| Inflation | 2.2% |

See Schedule of Township Contributions for details on mortality rate assumptions.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

D. Net Pension Liability (Asset) of the Township (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the December 31, 2024 Plan valuations were based on the results of an actuarial experience study for the period covering January 1, 2014 through December 31, 2018.

The net pension liability (asset) for both Plans were measured as of December 31, 2024. The beginning of the year net pension asset is based upon the January 1, 2023 actuarial valuation, and end of year total is based upon the January 1, 2025, actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of the measurement date December 31, 2024, are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return, Per Year |
|----------------------|--|
| Domestic Equity | 4.89-5.80% |
| International Equity | 5.53-5.89% |
| Global Equities | 3.94% |
| Real Estate | 3.88% |
| Timber | 3.07% |
| Fixed Income | 2.51-4.35% |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

D. Net Pension Liability (Asset) of the Township (continued)

Changes in the Net Pension Liability (Asset)

Changes in the net pension liability (asset) for the measurement date of December 31, 2024, are as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) – (b) |
|---|-----------------------------------|---------------------------------------|---|
| Balance at December 31, 2023 | \$ 3,615,216 | \$ 3,807,172 | \$ (191,956) |
| Changes for the Year | | | |
| Service Cost | 77,826 | - | 77,826 |
| Interest | 189,731 | - | 189,731 |
| Changes of Benefits | 1,264 | - | 1,264 |
| Difference Between Expected and Actual Experience | (88,182) | - | (88,182) |
| Changes in Assumptions | (91,596) | - | (91,596) |
| Contributions – Employer | - | 154,249 | (154,249) |
| Contributions – PMRS Assessment | - | 240 | (240) |
| Contributions - Employee | - | 26,550 | (26,550) |
| Net Investment Income | - | 188,928 | (188,928) |
| Market Value Investment Income | - | 205,650 | (205,650) |
| Benefit Payments | (136,734) | (136,734) | - |
| Administrative Expense | - | (10,588) | 10,588 |
| Net Changes | (47,691) | 428,295 | (475,986) |
| Balances at December 31, 2024 | \$ 3,567,525 | \$ 4,235,467 | \$ (667,942) |

Discount Rate

The discount rate used to measure the total pension liability was 5.50% for the Non-Uniform Plan. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. 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.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

D. Net Pension Liability (Asset) of the Township (continued)

Pension Expense and the Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the Township recognized pension expense of \$(103,714). At December 31, 2025, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ - | \$ 44,091 |
| Changes of Assumptions | - | 45,798 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 97,018 |
| Contributions Made by Employer After Measurement Date | 116,641 | - |
| | \$ 116,641 | \$ 186,907 |

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Amount |
|-----------------------------|--------------|
| 2026 | \$ (109,700) |
| 2027 | 44,113 |
| 2028 | (80,190) |
| 2029 | (41,130) |
| | \$ (186,907) |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

9. NON-UNIFORM PENSION PLANS (continued)

D. Net Pension Liability (Asset) of the Township (continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension liabilities (assets) of the Township, calculated using the discount rate of 5.50%, as well as what the Township’s net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| | 1% Decrease (4.50%) | Current Discount Rate (5.50%) | 1% Increase (6.50%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability (Asset) | \$(257,797) | \$(667,942) | \$(1,020,177) |

10. DEFERRED COMPENSATION PLAN

The Township offers substantially all its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of IRC Section 457(g) prescribe that the Township is not the owner of the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the related liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Township’s financial statements.

11. RISK MANAGEMENT

The Township is exposed to various kinds of loss related to limited torts; theft of, and damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

a. Health Care Coverage

The Township contracts with a commercial insurance company to provide health insurance benefits to employees and their dependents.

b. Workers’ Compensation Coverage

The Township contracts with a commercial insurance company to provide workers’ compensation benefits to employees.

c. Insurance Coverage

The Township contracts with a commercial insurance company to provide commercial, liability and bonding coverage for the Township.

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2025**

11. RISK MANAGEMENT (continued)

Management believes the above coverages are sufficient to preclude any significant uninsured losses to the Township. There have been no significant reductions in coverage from the prior year.

12. CONTINGENCIES

The Township is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Township, management feels that any settlement or judgment not covered by insurance would not materially affect the financial condition of the Township.

13. CHANGE IN MAJOR FUND CLASSIFICATION

During the year ended December 31, 2025, the Capital Improvement Fund was reclassified from a major fund to a nonmajor fund, due to a significant decrease in assets, resulting in the funds falling below the 10% threshold established by GASB criteria. The change resulted in a reclassification of the funds' beginning fund balances on the statements of revenues, expenditures and changes in fund balances, as detailed in the table below.

Nonmajor Governmental Funds

| | | |
|---|----|---------|
| Beginning Fund Balance at January 1, 2025, as Originally Stated | \$ | 104,965 |
| Adjustment for Reclassification as a Nonmajor Fund: | | |
| Capital Improvement Fund | | 173,457 |
| Beginning Fund Balance at January 1, 2025, as Restated | \$ | 278,422 |

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 26, 2026, the date the financial statements were available to be issued..

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Changes in the Township's Net Position Liability and Related Ratios
December 31, 2025
(Unaudited)

| | Measurement Date as of December 31, | | | | |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Total Pension Liability | | | | | |
| Service Cost | \$ 77,826 | \$ 72,591 | \$ 65,043 | \$ 59,534 | \$ 57,165 |
| Interest | 189,731 | 183,261 | 185,658 | 180,072 | 167,795 |
| Changes of Benefit Terms | 1,264 | - | - | - | - |
| Differences Between Expected and Actual Experience | (88,182) | - | (165,459) | - | (70,884) |
| Changes of Assumptions | (91,596) | - | - | - | 214,710 |
| Benefit Payments (Including Refunds of Member Contributions) | (136,734) | (136,734) | (136,734) | (136,734) | (136,734) |
| Net Change in Total Pension Liability | (47,691) | 119,118 | (51,492) | 102,872 | 232,052 |
| Total Pension Liability | | | | | |
| Beginning of Year | 3,615,216 | 3,496,098 | 3,547,590 | 3,444,718 | 3,212,666 |
| End of Year | <u>\$ 3,567,525</u> | <u>\$ 3,615,216</u> | <u>\$ 3,496,098</u> | <u>\$ 3,547,590</u> | <u>\$ 3,444,718</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions | | | | | |
| Employer | 154,249 | 152,679 | 132,266 | 129,328 | 120,072 |
| PMRS Assessment | 240 | 240 | 240 | 220 | 220 |
| Member | 26,550 | 24,674 | 22,292 | 20,109 | 20,046 |
| PMRS Investment Income | 188,928 | 177,216 | 170,948 | 160,938 | 143,045 |
| Market Value Investment Income (Loss) | 205,650 | 195,300 | (621,507) | 319,614 | 287,406 |
| Benefit Payments (Including Refunds of Member Contributions) | (136,734) | (136,734) | (136,734) | (136,734) | (136,734) |
| Administrative Expense | (10,588) | (10,166) | (9,272) | (9,335) | (6,453) |
| Net Change in Plan Fiduciary Net Position | 428,295 | 403,209 | (441,767) | 484,140 | 427,602 |
| Plan Fiduciary Net Position | | | | | |
| Beginning of Year | 3,807,172 | 3,403,963 | 3,845,730 | 3,361,590 | 2,933,988 |
| End of Year | <u>\$ 4,235,467</u> | <u>\$ 3,807,172</u> | <u>\$ 3,403,963</u> | <u>\$ 3,845,730</u> | <u>\$ 3,361,590</u> |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Changes in the Township's Net Position Liability and Related Ratios
December 31, 2025
(Unaudited)

| | Measurement Date as of December 31, | | | | |
|---|-------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| (Continued) | | | | | |
| Township's Ending Net Pension Liability (Asset) | <u>\$ (667,942)</u> | <u>\$ (191,956)</u> | <u>\$ 92,135</u> | <u>\$ (298,140)</u> | <u>\$ 83,128</u> |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 118.72% | 105.31% | 97.36% | 108.40% | 97.59% |
| Covered Employee Payroll | <u>\$ 531,007</u> | <u>\$ 493,483</u> | <u>\$ 445,833</u> | <u>\$ 402,172</u> | <u>\$ 400,929</u> |
| Township's Net Pension Liability (Asset) As a Percentage of Covered Employee Payroll | (125.79)% | (38.89)% | 20.67% | (74.13)% | 20.74% |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Changes in the Township's Net Position Liability and Related Ratios
December 31, 2025
(Unaudited)

| | Measurement Date as of December 31, | | | | |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Total Pension Liability | | | | | |
| Service Cost | \$ 55,588 | \$ 54,726 | \$ 45,830 | \$ 49,230 | \$ 51,982 |
| Interest | 163,426 | 157,285 | 153,718 | 145,779 | 137,530 |
| Changes of Benefit Terms | - | 41 | - | - | - |
| Differences Between Expected and Actual Experience | - | 40,815 | - | 124,246 | - |
| Changes of Assumptions | - | - | - | 84,409 | 62,549 |
| Benefit Payments (Including Refunds of Member Contributions) | (136,734) | (139,973) | (136,734) | (101,657) | (94,642) |
| Net Change in Total Pension Liability | <u>82,280</u> | <u>112,894</u> | <u>62,814</u> | <u>302,007</u> | <u>157,419</u> |
| Total Pension Liability | | | | | |
| Beginning of Year | <u>3,130,386</u> | <u>3,017,492</u> | <u>2,954,678</u> | <u>2,652,671</u> | <u>2,495,252</u> |
| End of Year | <u>\$ 3,212,666</u> | <u>\$ 3,130,386</u> | <u>\$ 3,017,492</u> | <u>\$ 2,954,678</u> | <u>\$ 2,652,671</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions | | | | | |
| Employer | 116,638 | 88,654 | 94,677 | 95,023 | 92,987 |
| PMRS Assessment | 240 | 240 | 220 | 200 | 180 |
| Member | 19,667 | 19,049 | 15,946 | 16,340 | 16,775 |
| PMRS Investment Income | 135,187 | 123,866 | 118,607 | 126,731 | 110,538 |
| Market Value Investment Income (Loss) | 369,227 | (196,879) | 268,523 | 54,057 | (120,082) |
| Benefit Payments (Including Refunds of Member Contributions) | (136,734) | (139,973) | (136,734) | (101,657) | (94,642) |
| Administrative Expense | (4,913) | (5,748) | (5,655) | (6,389) | (4,788) |
| Net Change in Plan Fiduciary Net Position | <u>499,312</u> | <u>(110,791)</u> | <u>355,584</u> | <u>184,305</u> | <u>968</u> |
| Plan Fiduciary Net Position | | | | | |
| Beginning of Year | <u>2,434,676</u> | <u>2,545,467</u> | <u>2,189,883</u> | <u>2,005,578</u> | <u>2,004,610</u> |
| End of Year | <u>\$ 2,933,988</u> | <u>\$ 2,434,676</u> | <u>\$ 2,545,467</u> | <u>\$ 2,189,883</u> | <u>\$ 2,005,578</u> |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Changes in the Township's Net Position Liability and Related Ratios
December 31, 2025
(Unaudited)

| | Measurement Date as of December 31, | | | | |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| (Continued) | | | | | |
| Township's Ending Net Pension Liability | <u>\$ 278,678</u> | <u>\$ 695,710</u> | <u>\$ 472,025</u> | <u>\$ 764,795</u> | <u>\$ 647,093</u> |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 91.33% | 77.78% | 84.35% | 74.16% | 75.61% |
| Covered Employee Payroll | <u>\$ 393,339</u> | <u>\$ 380,980</u> | <u>\$ 318,916</u> | <u>\$ 326,802</u> | <u>\$ 335,510</u> |
| Township's Net Pension Liability As a Percentage of Covered Employee Payroll | 70.85% | 182.61% | 148.01% | 234.02% | 192.87% |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Township Contributions
December 31, 2025
(Unaudited)**

| Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Employee Payroll | Contributions As a Percentage of Covered Employee Payroll |
|------|---|--|--|--------------------------------|--|
| 2024 | \$ 154,490 | \$ 154,489 | \$ 1 | \$ 531,007 | 29.09% |
| 2023 | \$ 152,919 | \$ 152,919 | \$ - | \$ 493,483 | 30.99% |
| 2022 | \$ 132,505 | \$ 132,506 | \$ (1) | \$ 445,833 | 29.72% |
| 2021 | \$ 129,548 | \$ 129,548 | \$ - | \$ 402,172 | 32.21% |
| 2020 | \$ 120,292 | \$ 120,292 | \$ - | \$ 400,929 | 30.00% |
| 2019 | \$ 118,943 | \$ 116,878 | \$ 2,065 | \$ 393,339 | 30.24% |
| 2018 | \$ 89,660 | \$ 88,894 | \$ 766 | \$ 380,980 | 23.33% |
| 2017 | \$ 94,877 | \$ 94,897 | \$ (20) | \$ 318,916 | 29.76% |
| 2016 | \$ 95,203 | \$ 95,223 | \$ (20) | \$ 326,802 | 29.14% |
| 2015 | \$ 93,167 | \$ 93,167 | \$ - | \$ 335,510 | 27.77% |

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Valuation Date | January 1, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar Closed |
| Remaining Amortization Period | 11 years |
| Asset Valuation Method | Based on the municipal reserves |
| Inflation | 2.2% |
| Salary Increases | Age-related scale with merit and inflation component |
| Investment Rate of return | 5.5% |
| Retirement Age | Normal Retirement Age |
| Pre-Retirement Mortality | Males – PUB 2010 General Employees male table, Females – PUB 2010 General Employees female table |
| Post-Retirement Mortality | Males – RP-2006 Male Annuitant Table Females - RP-2006 Female Annuitant Table |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Investment Returns
December 31, 2025
(Unaudited)

| Annual Money-Weighted Rate of Return, Net of Investment Expense | |
|---|----------|
| 2024 | 9.22% |
| 2023 | 10.80% |
| 2022 | (12.83%) |
| 2021 | 13.34% |
| 2020 | 13.80% |
| 2019 | 20.90% |
| 2018 | (4.57%) |
| 2017 | 17.84% |
| 2016 | 8.23% |
| 2015 | (0.27%) |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General and Open Space Funds
Year Ended December 31, 2025

| | General Fund | | |
|---|------------------------|---------------------|--|
| | <u>Original Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$ 2,044,100 | \$ 2,340,290 | \$ 296,190 |
| Intergovernmental | 56,614 | 53,348 | (3,266) |
| Charges for Services | 323,003 | 259,117 | (63,886) |
| Fines, License, Permits | 111,675 | 120,144 | 8,469 |
| Interest Income and Rents | 171,125 | 204,978 | 33,853 |
| Miscellaneous | 16,100 | 26,166 | 10,066 |
| Total Revenues | <u>2,722,617</u> | <u>3,004,043</u> | <u>281,426</u> |
| Expenditures | | | |
| General Governmental | 821,393 | 558,188 | 263,205 |
| Public Safety | 1,195,150 | 1,234,920 | (39,770) |
| Public Works | 771,765 | 701,372 | 70,393 |
| Land Preservation | - | - | - |
| Parks and Recreation | - | - | - |
| Sanitation | 38,120 | 34,390 | 3,730 |
| Capital Expenditures | 18,000 | 102,148 | (84,148) |
| Miscellaneous Governmental | 52,646 | 52,869 | (223) |
| Total Expenditures | <u>2,897,074</u> | <u>2,683,887</u> | <u>213,187</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (174,457) | 320,156 | 494,613 |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In (Out) | <u>-</u> | <u>(400,000)</u> | <u>(400,000)</u> |
| Changes in Fund Balances | (174,457) | (79,844) | 94,613 |
| Fund Balances | | | |
| Beginning of Year | <u>174,457</u> | <u>1,112,191</u> | <u>937,734</u> |
| End of Year | <u>\$ -</u> | <u>\$ 1,032,347</u> | <u>\$ 1,032,347</u> |

See notes to schedules of budget to actual comparisons.

Open Space Fund

| <u>Original Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------|---------------------|--|
| \$ 530,000 | \$ 612,728 | \$ 82,728 |
| - | - | - |
| - | - | - |
| - | - | - |
| 20,000 | 106,681 | 86,681 |
| - | - | - |
| <u>550,000</u> | <u>719,409</u> | <u>169,409</u> |
| - | - | - |
| - | - | - |
| - | - | - |
| 124,000 | 46,767 | 77,233 |
| 5,000 | - | 5,000 |
| - | - | - |
| 500,000 | 687,823 | (187,823) |
| - | - | - |
| <u>629,000</u> | <u>734,590</u> | <u>(105,590)</u> |
| (79,000) | (15,181) | 63,819 |
| (240,000) | - | 240,000 |
| (319,000) | (15,181) | 303,819 |
| <u>319,000</u> | <u>2,780,751</u> | <u>2,461,751</u> |
| <u>\$ -</u> | <u>\$ 2,765,570</u> | <u>\$ 2,765,570</u> |

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Notes to Schedules of Budget to Actual Comparisons
December 31, 2025

1. BASIS OF PRESENTATION

The Township has prepared the Schedule of Budget to Actual Comparisons using the same format as the Statement of Revenues, Expenditures, and Changes in Fund Balances.

2. DIFFERENCES IN BUDGET BASIS VERSUS GAAP BASIS

The Township did not amend its 2025 budget as originally adopted and, therefore, is presenting its original and final budget in one column for each fund presented.

Miscellaneous governmental expenditures are budgeted for as such. Actual expenses have been allocated to activities.

EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Schedule of Revenues, Expenses, and
Changes in Net Position - Budget and Actual
Proprietary Funds
Year Ended December 31, 2025

| | Sewer Fund | | |
|--|------------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| Operating Revenues | | | |
| Charges for Services | \$ 1,348,822 | \$ 1,518,391 | \$ 169,569 |
| Fees | - | - | - |
| Miscellaneous | 8,000 | 20,965 | 12,965 |
| Total Operating Revenues | <u>1,356,822</u> | <u>1,539,356</u> | <u>182,534</u> |
| Operating Expenses | | | |
| Salaries, Wages and Employee Benefits | 290,358 | 286,418 | 3,940 |
| PWTA | 220,692 | 239,508 | (18,816) |
| Depreciation | 108,814 | 130,713 | (21,899) |
| Utilities | 37,700 | 38,248 | (548) |
| Insurance | 47,358 | 46,849 | 509 |
| Operations | 46,500 | 38,085 | 8,415 |
| Plant Management | 22,200 | 22,340 | (140) |
| Materials and Supplies | 508,000 | 518,874 | (10,874) |
| Professional Fees | 24,200 | 31,915 | (7,715) |
| Repairs and Maintenance | 12,700 | 17,318 | (4,618) |
| Miscellaneous | 5,800 | 5,338 | 462 |
| Communications | 5,000 | 4,957 | 43 |
| Data Processing | 1,500 | 1,970 | (470) |
| Total Operating Expenses | <u>1,330,822</u> | <u>1,382,533</u> | <u>(51,711)</u> |
| Operating Gain (Loss) Before Nonoperating Revenues (Expenses) | <u>26,000</u> | <u>156,823</u> | <u>130,823</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest Income | 5,000 | 35,602 | 30,602 |
| Interest Expense | <u>(6,000)</u> | <u>(5,937)</u> | <u>63</u> |
| Total Nonoperating Revenues (Expenses) | <u>(1,000)</u> | <u>29,665</u> | <u>30,665</u> |
| Change in Net Position | 25,000 | 186,488 | 161,488 |
| Net Position | | | |
| Beginning of Year | <u>-</u> | <u>3,727,755</u> | <u>3,727,755</u> |
| End of Year | <u>\$ 25,000</u> | <u>\$ 3,914,243</u> | <u>\$ 3,889,243</u> |

Golf Driving Range and Park Fund

| <u>Original Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------|-------------------|--|
| \$ - | \$ - | \$ - |
| 68,500 | 96,130 | 27,630 |
| - | - | - |
| <u>68,500</u> | <u>96,130</u> | <u>27,630</u> |
| 35,826 | 35,214 | 612 |
| - | - | - |
| 1,750 | 15,828 | (14,078) |
| 2,400 | 2,032 | 368 |
| - | - | - |
| - | - | - |
| - | - | - |
| 59,380 | 18,583 | 40,797 |
| - | - | - |
| 10,500 | 6,138 | 4,362 |
| 150 | - | 150 |
| - | - | - |
| - | - | - |
| <u>110,006</u> | <u>77,795</u> | <u>32,211</u> |
| <u>(41,506)</u> | <u>18,335</u> | <u>59,841</u> |
| 1,800 | 2,615 | 815 |
| - | - | - |
| <u>1,800</u> | <u>2,615</u> | <u>815</u> |
| (39,706) | 20,950 | 60,656 |
| 39,706 | 104,863 | 65,157 |
| <u>\$ -</u> | <u>\$ 125,813</u> | <u>\$ 125,813</u> |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025**

| | Fire Fund | Street Light Fund | State Liquid Fuels Fund |
|--|-----------------|----------------------|----------------------------|
| Assets | | | |
| Cash | \$ 2,255 | \$ 3,896 | \$ 62,152 |
| Taxes Receivable | 2,580 | 6,754 | - |
| Total Assets | \$ 4,835 | \$ 10,650 | \$ 62,152 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable and Accrued Expenses | \$ - | \$ 1,964 | \$ - |
| Deferred Inflows of Resources | | | |
| Deferred Taxes | 2,557 | 6,754 | - |
| Fund Balances | | | |
| Restricted | - | 290 | 62,152 |
| Assigned | 2,278 | 1,642 | - |
| Total Fund Balances | 2,278 | 1,932 | 62,152 |
| Total Liabilities and Fund Balances | \$ 4,835 | \$ 10,650 | \$ 62,152 |

See notes to financial statements.

| <u>Capital Improvements</u> | <u>Police Headquarters Fund</u> | <u>Total Governmental Funds</u> |
|---------------------------------|---|---|
| \$ 6,982 | \$ 38,180 | \$ 113,465 |
| <u>2,603</u> | <u>3,251</u> | <u>15,188</u> |
| <u>\$ 9,585</u> | <u>\$ 41,431</u> | <u>\$ 128,653</u> |
| | | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,964</u> |
| | | |
| <u>2,574</u> | <u>3,222</u> | <u>15,107</u> |
| | | |
| - | 5,225 | 67,667 |
| <u>7,011</u> | <u>32,984</u> | <u>43,915</u> |
| <u>7,011</u> | <u>38,209</u> | <u>111,582</u> |
| | | |
| <u>\$ 9,585</u> | <u>\$ 41,431</u> | <u>\$ 128,653</u> |

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2025**

| | Fire Fund | Street Light Fund | State Liquid Fuels Fund |
|--|-----------------|----------------------|----------------------------|
| Revenues | | | |
| Taxes | \$ 74,532 | \$ 22,832 | \$ - |
| Intergovernmental | 46,953 | - | 233,819 |
| Interest Income and Rents | 1,404 | 388 | 5,080 |
| Total Revenues | <u>122,889</u> | <u>23,220</u> | <u>238,899</u> |
| Expenditures | | | |
| Public Safety | 122,960 | - | - |
| Public Works | - | 25,659 | 211,722 |
| Debt Service - Principal | - | - | - |
| Debt Service - Interest | - | - | - |
| Capital Expenditures | - | - | - |
| Total Expenditures | <u>122,960</u> | <u>25,659</u> | <u>211,722</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (71) | (2,439) | 27,177 |
| Other Financing Sources (Uses) Operating Transfers In (Out) | <u>-</u> | <u>-</u> | <u>-</u> |
| Changes in Fund Balances | (71) | (2,439) | 27,177 |
| Fund Balances | | | |
| Beginning of Year | <u>2,349</u> | <u>4,371</u> | <u>34,975</u> |
| End of Year | <u>\$ 2,278</u> | <u>\$ 1,932</u> | <u>\$ 62,152</u> |

| <u>Capital Improvements</u> | <u>Police Headquarters Fund</u> | <u>Total Governmental Funds</u> |
|---------------------------------|---|---|
| \$ 92,645 | \$ 93,910 | \$ 283,919 |
| - | - | 280,772 |
| 8,408 | 3,805 | 19,085 |
| <u>101,053</u> | <u>97,715</u> | <u>583,776</u> |
| - | - | 122,960 |
| - | - | 237,381 |
| - | 102,339 | 102,339 |
| - | 20,437 | 20,437 |
| 137,499 | - | 137,499 |
| <u>137,499</u> | <u>122,776</u> | <u>620,616</u> |
| (36,446) | (25,061) | (36,840) |
| <u>(130,000)</u> | <u>-</u> | <u>(130,000)</u> |
| (166,446) | (25,061) | (166,840) |
| <u>173,457</u> | <u>63,270</u> | <u>278,422</u> |
| <u>\$ 7,011</u> | <u>\$ 38,209</u> | <u>\$ 111,582</u> |