SMITHFIELD TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2025

SMITHFIELD TOWNSHIP
Index to Financial Statements
As of December 31, 2025

Independent Auditors' Report

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position — Exhibit A

Statement of Activities — Exhibit B

Governmental-Type Fund Statements:

Balance Sheets-Governmental Funds — Exhibit C

Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position — Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds — Exhibit E

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities — Exhibit F

Notes to Financial Statements

SMITHFIELD TOWNSHIP
Index to Financial Statements
As of December 31, 2025

Required Supplementary Information:

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	Schedule 1
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Highway Aid Fund	Schedule 2
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire Tax Fund	Schedule 3
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – EMS Tax Fund	Schedule 4
Notes to Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	Schedule 5
Schedule of Changes in Net Pension Liability	Schedule 6
Schedule of Employer Contributions	Schedule 7

Supplementary Information:

Combining Balance Sheets – Other Governmental Funds	Schedule 8
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	Schedule 9

RILEY and Company, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Smithfield Township
East Stroudsburg, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Smithfield Township, Monroe County, Pennsylvania, 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Highway Aid Fund	Unmodified
Fire Tax Fund	Unmodified
EMS Tax Fund	Unmodified
Capital Projects Fund	Unmodified
Other Governmental Funds	Unmodified

Unmodified Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Smithfield Township, Monroe County, Pennsylvania, as of and for the year ended December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Reporting Entity" paragraph, the basic financial statements do not present fairly the financial position of the reporting entity of Smithfield Township as of December 31, 2025 and the changes in its financial position 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Smithfield 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.

Basis for Adverse Opinion on the Reporting Entity

The Pension Fund financial statements have not been included in the Township's financial statements due to the reporting policies of its Pension Administrator, Pennsylvania Municipal Retirement System. Accounting principles generally accepted in the United States of America require that the Pension Fund be presented as a fiduciary fund included in Smithfield Township's basic financial statements. The amounts that would have been reported in the Pension Fund statement of fiduciary net position and statement of changes in fiduciary net position, have not been determined.

Responsibilities of Management for the Financial Statements

Smithfield Township's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Smithfield Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Smithfield 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 Smithfield 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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparisons in Schedules 1, 2, 3, and 4 and the pension information in schedules 5 and 6 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 Smithfield Township's basic financial statements. The 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 combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Riley and Company, Inc.

Stroudsburg, PA
September 9, 2026

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SMITHFIELD TOWNSHIP
Government Wide Statement of Net Position
As of December 31, 2025

Assets:	
Current assets:	
Cash and equivalents	$3,265,522
Restricted cash	173,088
Taxes receivable	226,849
Other receivables	59,417
Lease receivable	36,582
Prepaid expenses	68,115
Due from other governments	546,592
Total Current Assets	4,376,165
Non-Current Assets:	
Lease receivable, non-current	162,150
Capital assets, net of accumulated depreciation	12,173,798
Total Non-current Assets	12,335,948
Total Assets	$16,712,113

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

SMITHFIELD TOWNSHIP
Government Wide Statement of Net Position
As of December 31, 2025

Liabilities:	
Current liabilities:	
Accounts payable	$176,628
Accounts payable on capital assets	48,526
Payroll taxes payable	2,032
Accrued wages	38,939
Unearned grant revenue	10,179
Escrow payable	82,249
Accrued interest	11,594
Current portion of long-term debt	221,189
Total Current Liabilities	591,336
Long-term Liabilities:	
Accrued compensated absences	23,429
Long-term debt	686,850
Total Long-term Liabilities	710,279
Total Liabilities	1,301,615
Deferred Inflows of Resources:	
Leased office space	198,732
Net Position:	
Net investment in capital assets	11,217,233
Restricted	30,085
Unrestricted	3,964,448
Total Net Position	$15,211,766

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

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SMITHFIELD TOWNSHIP
Government Wide Statement of Activities
For the Year Ended December 31, 2025

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses)
Governmental Activities:					
General government	($819,553)	$12,048	$12,229	$0	($795,276)
Public safety	(1,000,252)	40,132	308,333	0	(651,787)
Public works - Sanitation	(25,432)	1,263	0	0	(24,169)
Public works - Highways and streets	(1,811,730)	13,991	341,332	26,080	(1,430,327)
Public works - Water system	(14,113)	0	0	0	(14,113)
Culture and recreation	(389,778)	40,399	0	240,379	(109,000)
Interest on long-term debt	(24,277)	0	0	0	(24,277)
Insurance	(73,722)	0	0	0	(73,722)
Other	(30,909)	0	0	0	(30,909)
Total Governmental Activities	($4,189,766)	$107,833	$661,894	$266,459	(3,153,580)
General Revenues:					
Property taxes - General purposes					1,346,917
Property taxes - Fire and EMS					553,427
Real estate transfer taxes					290,182
Earned income and local services taxes					1,339,093
Franchise taxes					50,000
Interest and rents					161,763
Miscellaneous					45,733
Total General Revenues					3,787,115
Change in Net Position					633,535
Net Position at Beginning of Year					14,578,231
Net Position at End of Year					$15,211,766

SMITHFIELD TOWNSHIP
Balance Sheets
Governmental Funds
As of December 31, 2025

	General Fund	Highway Aid Fund	Fire Tax Fund	EMS Tax Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	$3,220,023	$16,135	$38,096	$20,110	$13,505	$31,994	$3,339,863
Restricted cash	88,568	0	0	0	10,179	0	98,747
Taxes receivable	56,152	0	9,394	5,123	0	0	70,669
Other accounts receivable	59,417	0	0	0	0	0	59,417
Due from other funds	241,555	0	5,370	3,445	0	0	250,370
Due from other governments	368,776	0	0	0	177,816	0	546,592
Prepaid expenses	68,115	0	0	0	0	0	68,115
Total Assets	$4,102,606	$16,135	$52,860	$28,678	$201,500	$31,994	$4,433,773

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

SMITHFIELD TOWNSHIP
Balance Sheets
Governmental Funds
As of December 31, 2025

	General Fund	Highway Aid Fund	Fire Tax Fund	EMS Tax Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Liabilities:							
Accounts payable	$160,431	$0	$40,273	$22,646	$1,804	$0	$225,154
Payroll taxes payable	2,032	0	0	0	0	0	2,032
Accrued wages	38,939	0	0	0	0	0	38,939
Unearned grant reveue	0	0	0	0	10,179	0	10,179
Escrow payable	82,249	0	0	0	0	0	82,249
Due to other funds	8,815	10,988	0	0	230,567	0	250,370
Total Liabilities	292,466	10,988	40,273	22,646	242,550	0	608,923
Fund Balances:							
Restricted	6,319	5,147	12,587	6,032	0	0	30,085
Assigned	0	0	0	0	0	31,994	31,994
Unassigned	3,803,821	0	0	0	(41,050)	0	3,762,771
Total Fund Balances	3,810,140	5,147	12,587	6,032	(41,050)	31,994	3,824,850
Total Liabilities and Fund Balances	$4,102,606	$16,135	$52,860	$28,678	$201,500	$31,994	$4,433,773

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

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SMITHFIELD TOWNSHIP
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
As of December 31, 2025

Exhibit D

Total Fund Balance - Governmental Funds		$3,824,850
Amounts reported for governmental activities in the statement of net position are different because:		
Real estate taxes receivable in excess of sixty days are reported as receivable on the Statement of Net Position but not on the Governmental Funds Balance Sheet:		
Accounts receivable	165,223	
Allowance for doubtful accounts	(9,043)	156,180
Capital assets and land used in governmental activities are not current financial resources and therefore are not reported in the governmental funds' balance sheet.		19,609,509
Accumulated depreciation from capital assets used in governmental activities are not current financial resources and therefore is not reported in the governmental funds' balance sheet.		(7,435,711)
Accrued compensated absences are not accrued in the governmental funds' balance sheet.		(23,429)
Accrued interest is not accrued in the governmental funds' balance sheet.		(11,594)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds' balance sheet.		
Due or payable within one year.		(221,189)
Due or payable after one year.		(686,850)
Total Net Position - Governmental Activities		$15,211,766

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

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

	General Fund	Highway Aid Fund	Fire Tax Fund	EMS Tax Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$2,928,970	$0	$358,101	$195,326	$0	$0	$3,482,397
Licenses and permits	50,150	0	0	0	0	0	50,150
Fines and forfeits	24,163	0	0	0	0	0	24,163
Interest, rents, and royalties	148,191	7,336	1,065	508	3,647	1,016	161,763
Intergovernmental	384,303	321,159	0	0	226,661	0	932,123
Charges for services	104,983	0	0	0	0	500	105,483
Total Revenues	3,640,760	328,495	359,166	195,834	230,308	1,516	4,756,079
Expenditures:							
General government	612,340	0	0	0	71,364	0	683,704
Public safety	443,667	0	352,411	192,223	0	0	988,301
Health and human services	195	0	0	0	0	0	195
Public works - Sanitation	25,432	0	0	0	0	0	25,432
Public works - Highways and streets	1,271,576	337,836	0	0	334,276	0	1,943,688
Public works - Other	14,113	0	0	0	0	0	14,113
Culture and recreation	230,276	0	0	0	218,488	1,650	450,414
Debt service:							
Principal	210,000	0	0	0	0	0	210,000
Interest	27,828	0	0	0	0	0	27,828
Insurance	73,722	0	0	0	0	0	73,722
Employer paid benefits and withholding items	398,976	0	0	0	0	0	398,976
Total Expenditures	3,308,125	337,836	352,411	192,223	624,128	1,650	4,816,373
Excess (Deficiency) of Revenues over Expenditures	332,635	(9,341)	6,755	3,611	(393,820)	(134)	(60,294)

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

	General Fund	Highway Aid Fund	Fire Tax Fund	EMS Tax Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources(Uses):							
Proceeds of fixed asset dispostions	0	0	0	0	20,000	0	20,000
Interfund operating transfers in	16,489	0	0	0	229,999	0	246,488
Interfund operating transfers out	(229,999)	0	0	0	(16,489)	0	(246,488)
Refund of prior year revenues	(32,948)	0	0	0	0	0	(32,948)
Total Other Financing Sources and Uses	(246,458)	0	0	0	233,510	0	(12,948)
Net Change in Fund Balances	86,177	(9,341)	6,755	3,611	(160,310)	(134)	(73,242)
Fund Balances at Beginning of Year	3,723,963	14,488	5,832	2,421	119,260	32,128	3,898,092
Fund Balances at End of Year	$3,810,140	$5,147	$12,587	$6,032	($41,050)	$31,994	$3,824,850

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

Exhibit F

Net Change in Fund Balances - Governmental Funds	($73,242)
Amounts reported for governmental activities in the statement of activities are different because:	
Accrual of real estate taxes receivable that are not accrued for the modified accral basis of accounting.	47,222
An allowance for doubtful accounts is recorded on the government-wide statements to estimate the amount of taxes receivable that will not be collected. The change in the allowance is recorded as bad debt expense on the Statement of Activities.	(2,193)
Government funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,245,955
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(797,221)
Change in accrued compensated absences that are not accrued for the modified accrual basis of accounting.	(537)
Change in accrued interest and amortization of bond premiums are not recorded for the modified accrual basis of accounting.	3,551
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The following amounts relate to current year transactions:	
Repayment of principal portion of long-term debt.	210,000
Change in Net Position of Governmental Activities	$633,535

The “Notes to Financial Statements” are in integral part of these statements and should be read in conjunction therewith.

Note 1: Summary of Significant Accounting Policies:

Smithfield Township (the Township) was organized in 1742 and operates as a second-class township in Monroe County, Pennsylvania. It operates using a board of supervisors as its governing body.

Reporting Entity

The report includes all of the services provided by the Township to residents and businesses within its boundaries. Township services provided include public safety, highways and streets, planning and zoning, recreation and community services, and general administrative services. The criteria for including organizations as component units within the Township's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, includes whether:

- The organization is legally separate (can sue or be sued in their own name);
- The Township holds the corporate powers of the organization;
- The Township appoints a voting majority of the organization's board;
- The Township is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit/burden on the Township;
- There is fiscal dependency by the organization on the Township.

Based on the aforementioned criteria, Smithfield Township does not have any component units.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the Township (the primary government). The effect of interfund activity, within the governmental activities have been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1: Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of a governmental fund is on the sources, uses and balance of current financial resources. The Township has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

Highway Aid Fund

The Highway Aid Fund is a special revenue fund that accounts for state highway funds received and expenditures for qualified highway expenses.

Fire Tax Fund

Accounts for revenue and expenses relating to the Fire Service Appropriations Tax.

EMS Tax Fund

Accounts for revenue and expenses relating to the Emergency Medical Services Appropriations Tax.

Note 1: Summary of Significant Accounting Policies: (Continued)

Capital Improvements Fund

The Capital Improvements/Grants Fund was developed to better plan for maintenance and development of the Township's assets. This fund's revenue comes from the General Fund or from grants as funds are set aside to replace vehicles, improve parks, and ensure the Township continues to thrive without the need to take on additional debt.

Other Governmental Funds

The Township also reports a parks and recreation fund, fair share road improvement fund, fees in lieu of open space fund, and Rivers Edge Bike Park fund as non-major governmental type funds.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which are therefore not available to support Township programs. The reporting focus is on net position and changes in net position. Fiduciary funds are reported using accounting principles similar to proprietary funds. The Township has the following fiduciary fund:

Non-uniform Pension Plan - Accounts for contributions by the Township and its employees to the Township’s employee pension plan. Benefit payments and plan administration expenses are paid from this fund.

The Township's fiduciary fund is not presented in the government-wide financial statements. Since by definition these assets are being held for the benefit of third parties, such as pension participants, and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements. It is also not presented in the fund financial statements due to the current year financial information not being available in time for audit procedures to be performed.

Note 1: Summary of Significant Accounting Policies: (Continued)

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows, liabilities, and deferred inflows (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues and deferred inflows) and decreases (expenses and deferred outflows) in net total position. Under the accrual basis of accounting, revenues and deferred inflows are recognized when earned. Expenses and deferred outflows are recognized at the time the liability is incurred. Fiduciary funds associated with the Township are not included in government-wide financial statements because the assets of these funds are held for the benefit of others and are not available for use by the Township.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Township considers taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

Note 1: Summary of Significant Accounting Policies: (Continued)

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance costs are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of $1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows

Estimated useful lives are as follows:

Buildings and improvements	15-50 years
Vehicles, machinery and equipment	5 years
Infrastructure	15-50 years

Compensated Absences

The Township's policy for accrual of compensated absences allows full-time employees to accrue a varied number of Paid Time Off (PTO) hours based on years worked at the Township, starting with one hundred and four (104) hours per year. Employees may roll over a maximum of two hundred (200) hours of PTO per year and allows full-time employees to liquidate a maximum of forty-eight (48) hours of PTO per year; employees forfeit any additional accrued but unused PTO.

Employees who provide at least two weeks' notice of resignation to the Township are eligible to have all accrued PTO paid out; employees who fail to provide at least two weeks' notice forfeit all accrued PTO.

Note 1: Summary of Significant Accounting Policies: (Continued)

Equity Classification - Government-Wide Financial Statements

Equity is reported as net position and displayed in three components for government-wide presentation:

Net Investment in Capital Assets - 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.

Restricted Net Position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, the Township reports fund balance classifications in accordance with the provisions of GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following are the Township's fund balance categories:

Non-Spendable - Not in spendable form or legally or contractually required to remain intact.

Restricted - Externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - Can only be used for specific purposes pursuant to constraints by formal action of the highest level of decision-making authority. Committed Fund Balance is fund balance reporting required by the Township Supervisors, either because of a Township Policy or in the Township Policy Manual, or because of motions that passed at Board meetings.

Assigned - Constrained by intent to be used for a specific purpose. The Township's Assigned Fund Balance is fund balance reporting under the direction of authorized Township Personnel.

Note 1: Summary of Significant Accounting Policies: (Continued)

Unassigned - Residual classification of the Township's general fund and includes all spendable amounts not contained in the other classifications.

No minimum fund balance policies have been established.

When both restricted and unrestricted resources are available for use in funds other than the General Fund, it is the Township's policy to first use unrestricted resources - committed, and assigned - in order as needed, and then use externally restricted resources. For the General Fund, the Township's policy is to first use externally restricted resources and then use unrestricted resources - committed, assigned, and unassigned - in order as needed.

New Accounting Standards

Effective January 1, 2025, the Authority adopted GASB Statement No. 102, *Certain Risk Disclosures*. GASB 102 requires governments to provide users of the financial statements with essential information about risks related to vulnerabilities arising from certain concentrations or constraints that may expose the government to a risk of a substantial impact. A concentration is defined as a lack of diversity related to a significant inflow or outflow of resources, while a constraint is a limitation imposed by an external party or by formal action of the government's highest-level decision-making authority. The implementation of GASB 102 does not affect amounts reported in the government-wide or fund financial statements, as the Statement does not change accounting recognition or measurement, but rather enhances note disclosure requirements. The Township has evaluated its operations for relevant concentrations and constraints consistent with the criteria of GASB 102 and included required disclosures, if necessary.

The Township early adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, for the fiscal year ended December 31, 2025. The standard improves clarity and consistency in financial statement presentation and disclosure. Adoption did not result in a change to beginning net position or fund balance but did affect the presentation of certain note disclosures. Information pertaining to budgetary control is now presented in Schedule 5.

Note 2: Budget Basis of Accounting:

Smithfield Township prepares its annual budget on a basis of accounting (budget basis) which differs from generally accepted accounting principles (GAAP basis). Budget transactions are presented in accordance with the Township's method (budget basis) as Required Supplementary Information in Schedules 1 through 4.

The annual budget is prepared and adopted by the Township's Supervisors. Subsequent amendments are also prepared and adopted by the Township's Supervisors. Unexpended appropriations lapse at year end. Encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The Township's financial statements for the year ended December 31, 2025 present its legally adopted budget for the General Fund and each major Special Revenue Fund. The Township included a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

The Budget has been adopted on the activity basis; expenditures at this level in excess of amounts budgeted are a violation of the Pennsylvania's Second Class Township Code. Comparison of actual results of operations to the budget of the General Fund and each major Special Revenue Fund as adopted by the Township's Supervisors is included as required supplementary information to the basic financial statements.

Note 3: Deposits and Investments:

Deposits

The Township is permitted to invest funds in U.S. Treasury Bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by full faith and credit of the political subdivision, certificates of deposit, secured purchase agreements, authorized Investment Trust Companies and time or share accounts of institutions insured or secured by the FDIC to the extent such certificates are insured by a proper bond or collateral in accordance with the law.

Note 3: Deposits and Investments: (Continued)

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation's insured limit relies upon the Pennsylvania Pledge Act 72 (732 P.S. section 3836-1et seq.). The act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. At year-end, deposits in excess of FDIC coverage totaled $3,135,766.

PLGIT

State laws authorize the Township to invest with the Pennsylvania Local Government Investment Trust (PLGIT), deposits in savings accounts or time deposits of institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), certificates of deposit purchased from institutions Insured by the FDIC, and obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America or the Commonwealth of Pennsylvania.

The Township maintains investments with the PLGIT. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that their objective is to maintain a stable net asset value of $1 per share and is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. The Township treats their PLGIT as cash equivalents on the statement of net position and fund balance statements. At December 31, 2025, total funds held by PLGIT were $37,380.

Note 4: Property Taxes:

Based upon assessed valuation provided by the County ($673,789,180 in 2025), the Township's property taxes are collected by an elected tax collector. The schedule for property taxes levied for 2025 is as follows:

March 1	Levy Date
March 1 through April 30	2% Discount Period
May 1 through June 30	Face Payment Period
July 1 through December 31	10% Penalty Period
January 1 (following year)	Lien Date

The Township's tax rates for 2025 were 1.96 mills for general purposes, 0.55 mills for fire services, and 0.30 mills for EMS services (2.81 mills total; $2.81 per $1,000 of assessed valuation).

At December 31, 2025 taxes receivable on the government-wide financial statements were as follows:

Taxes Receivable	$235,892
Less: Allowance for Uncollectible Accounts	(9,043)
Taxes Receivable Net of Allowance of Uncollectible Accounts	$226,849

Note 5: Lease Receivable:

On February 3, 2021, the Township entered into a 10-year lease with the County of Monroe for use of office space at the Smithfield Township Municipal Center. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, a lease receivable and corresponding deferred inflow of resources has been recorded on the government-wide statement of net position at the present value of the future minimum lease payments as of the date of its inception. The lease requires monthly payments ranging from $3,183 in Year 1 to $3,948 in Year 10. The lease receivable is measured at a discount rate of 3.25%. While this rate is not stated in the lease agreement, it was estimated based on the borrowing rate of the County at the time of the lease's inception. For the year ended December 31, 2025, the total lease revenue recognized by the Township was $42,150, including interest income of $7,079.

Note 6: Changes in Capital Assets:

A summary of the changes in governmental activities fixed assets are as follows:

	Balance 1/1/25	Plus Additions	Less Disposals	Balance 12/31/25
Non-Depreciable Capital Assets:				
Land	$2,301,508	$0	$0	$2,301,508
Construction in progress	349,672	455,326	(235,565)	569,433
Total Non-Depreciable Capital Assets	2,651,180	455,326	(235,565)	2,870,941
Capital Assets Being Depreciated:				
Buildings	5,836,709	12,691	0	5,849,400
Infrastructure	4,521,922	620,977	0	5,142,899
Vehicles	1,763,878	340,230	(67,122)	2,036,986
Machinery and equipment	940,941	2,336	(8,000)	935,277
Office equipment	40,541	6,766	0	47,307
Park improvements	2,683,505	43,194	0	2,726,699
Total Capital Assets Being Depreciated	15,787,496	1,026,194	(75,122)	16,738,568
Accumulated Depreciation:				
Buildings	(1,706,370)	(121,750)	0	(1,828,120)
Infrastructure	(2,068,790)	(269,855)	0	(2,338,645)
Vehicles	(1,266,201)	(245,617)	67,122	(1,444,696)
Machinery and equipment	(606,218)	(22,584)	8,000	(620,802)
Office equipment	(33,464)	(3,041)	0	(36,505)
Park improvements	(1,032,569)	(134,374)	0	(1,166,943)
Total Accumulated Depreciation	(6,713,612)	(797,221)	75,122	(7,435,711)
Total Capital Assets Being Depreciated, Net	9,073,884	228,973	0	9,302,857
Net Capital Assets	$11,725,064	$684,299	($235,565)	$12,173,798

Note 7: Long Term Debt:

Governmental activities' long-term liability balances and activity for the year ended December 31, 2025 were:

	Balance 1/1/25	Issues/ Additions	Repayments/ Retirements	Balance 12/31/25	Due Within One Year
Series 2015 GOB	$1,115,000	$0	($210,000)	$905,000	$220,000
Plus: Net Premium to be Amortized	4,229	0	(1,190)	3,039	1,189
Total Bonds Payable	$1,119,229	$0	($211,190)	$908,039	$221,189

Outstanding debt obligations are as follows:

General Obligation Note – Series A of 2015

The Township signed a bond purchase agreement on March 24, 2015, to refinance the Series 2010 Bond Issue with the issuance of General Obligation Bonds, Series of 2015 dated April 30, 2015. The original amount of the Series 2015 Bond Issue was $6,250,000. The Township has an agreement with Smithfield Sewer Authority for the Authority to reimburse the Township annually for both the principal and interest portions of the Authority's debt that was refinanced. Principal payments are due semi-annually from June 15, 2015 through January 15, 2029. Interest on the note ranges from 0.25% to 4.0% depending on the scheduled maturity date of individual bonds.

Annual debt service requirements are as follows:

Year Ending	Principal	Interest	Total Payments
Bonds:			
2026	$220,000	$22,561	$242,561
2027	225,000	16,603	241,603
2028	230,000	10,005	240,005
2029	230,000	3,335	233,335
Total	$905,000	$52,504	$957,504

Note 8: Pension Plan:

Plan Description

General

The Smithfield Township pension plan is a single-employer cash balance defined benefit pension plan controlled by the provisions of Ordinance No. 213 dated 11/12/13. The Plan is governed by the Township's Board of Supervisors. The Township Supervisors may amend plan provisions and are responsible for the management of plan assets.

Under generally accepted accounting principles for governments, the Plan should be included in the Township's basic financial statements as a Pension Trust. However, due to the lack of timely financial information from Pennsylvania Municipal Retirement System (PMRS), the Plan is not presented in these financial statements.

Stand-alone financial statements are not publicly available.

The plan participates in PMRS, which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS Website. A copy can be obtained by contacting the PMRS accounting office.

Note 8: Pension Plan: (Continued)

Plan Membership

Membership of the plan consisted of the following at January 1, 2025:

Active plan members	13
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	6
Total	23

Membership is mandatory for full-time officers and employees of the Township. Credited service begins to accrue as of the enrollment date, which is the date of hire, or upon the expiration of the Member's probationary status, whichever is more recent. A member shall vest upon the completion of one year of credited service. The plan provides retirement, disability and death benefits to plan members and their beneficiaries 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. Members are eligible for retirement upon the attainment of sixty-two (62) years of age.

Benefit Provisions

The plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Normal retirement age is 62. No early retirement.

Contributions

In accordance with the Plan's governing Ordinance or Resolution as applicable, members are not required to contribute to the plan but may elect to contribute up to 20% of compensation. These contributions are deducted from payroll and treated as taxed at the time they are made to the System, will be tracked separately, and will not be treated as taxable when paid out to the Member.

Note 8: Pension Plan: (Continued)

For 2025, the Township elected to contribute $1,125 to each member per quarter ($4,500 annually) and may annually elect to contribute at a higher amount in future years by adopting a resolution and filing a copy of it with the Board. For the year ending December 31, 2025, total pension expense, including the minimum municipal obligation (MMO) is $47,684.

The payroll for Township employees covered by the Non-Uniformed Employees' Pension Plan for the year ended December 31, 2025 was $788,839.

Act 205

Act 205 of 1984, Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for full payment of the Minimum Municipal Obligation (MMO) to each employee pension fund of the municipality.

Basis of Accounting

The plan's 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 to the plan are recognized when due, in accordance with Act 205, as amended. 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 plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statements No.3 of the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR.

Note 8: Pension Plan: (Continued)

As allowed under GASB 68, the Plan reports its Net Pension Liability and changes to the liability on a one-year delay, which would be the year ended December 31, 2024. The analysis below reports changes to the Net Pension Liability for the year ended December 31, 2024, which is the most recent year that pension information is available from PMRS.

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 12/31/23	$1,014,042	$1,081,356	($67,314)
Service Cost	102,621	0	102,621
Interest Cost	62,068	0	62,068
Changes of Benefits	14,280	0	14,280
Changes of Assumptions	(11,332)	0	(11,332)
Difference Between Expected and Actual Experience	(27,999)	0	(27,999)
Contributions - Employer	0	49,961	(49,961)
Contributions - PMRS assessment	0	520	(520)
Contributions - Employee	0	52,679	(52,679)
PMRS Investment Income	0	63,706	(63,706)
Market Value Investment Income*	0	56,297	(56,297)
Benefit Payments	(52,378)	(52,378)	0
PMRS Administrative Expense	0	(520)	520
Additional Administrative Expense	0	(3,489)	3,489
Net Changes	87,260	166,776	(79,516)
Balances at 12/31/24	$1,101,302	$1,248,132	($146,830)

*Reflects the net investment loss of $54,376 and the income due to the difference between expected and actual asset values of $1,921, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

Note 8: Pension Plan: (Continued)

Net Pension Liability

The following table outlines the measurement, valuation and reporting dates used for the current and prior year reports.

	Measurement Date	Valuation Date	Reporting Date Range
Current	December 31, 2024	January 1, 2025	December 31, 2024 - December 31, 2025
Prior	December 31, 2023	January 1, 2023	December 31, 2023 - December 31, 2024

Discount Rate

As of December 31, 2024, the discount rate used to measure the total pension liability was 5.25%. The plan's fiduciary net position was assumed to be available to make all projected benefit payments of current plan members based on the assumption that all MMO payments as determined and required under Act 205 will be paid accordingly. Therefore, the municipal long-term expected rate of return for municipal and member accounts was applied to discount all periods of projected benefit payments to determine the Total Pension Liability.

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 5.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Plan's Net Pension Liability/(Asset)	$26,504	($146,830)	($313,016)

Note 8: Pension Plan: (Continued)

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity (large, capitalized firms)	24.5%	7.39%	4.89%
Domestic Equity (small, capitalized firms)	8.0%	8.30%	5.80%
International Equity (developed markets)	14.5%	8.03%	5.53%
International Equity (emerging markets)	3.0%	8.39%	5.89%
Global Equities	5.0%	6.44%	3.94%
Real Estate	10.0%	6.38%	3.88%
Timber	5.0%	5.75%	3.07%
Fixed Income (Core Investment Grade)	24.0%	5.01%	2.51%
Fixed Income (Opportunistic Credit)	5.0%	6.85%	4.35%
Cash	1.0%	3.11%	0.61%
Total Portfolio	100.00%	7.29%	4.79%

Note 8: Pension Plan: (Continued)

Actuarial Methods and Significant Assumptions

Additional information as of the latest actuarial valuation date follows:

Actuarial Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Dollar Closed
Asset Valuation Method	Fair value
Actuarial Assumptions:	
Investment rate of return	5.50%
Projected salary increases*	Inflation at 2.80% and age-related scale for merit/seniority

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the total pension liability are recognized in the pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$27,271	$8,636
Changes in Assumptions	9,066	3,581
Difference Between Projected and Actual Investment Earnings	35,402	0
Total	$71,739	$12,217

Note 8: Pension Plan: (Continued)

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

Year ended December 31:	
2025	($16,102)
2026	815
2027	(28,559)
2028	(17,400)
2029	1,724
Thereafter	0
	($59,522)

Note 9: Risk Management:

The Township is exposed to various risks of loss related to theft of, damage to, or destruction of assets, errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The Township manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
Torts, errors, and omissions	Purchased commercial insurance	Limited
Workers compensation, health and life	Purchased commercial insurance	Limited
Physical property loss and natural disasters	Purchased commercial insurance	Limited

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Note 10: Interfund Balances and Interfund Transfers:

Interfund balances at December 31, 2025 are as follows:

Due from	Due to	Amount
Capital Improvements Fund	General Fund	$230,567
Highway Aid Fund	General Fund	$10,988
General Fund	Fire Tax Fund	$5,370
General Fund	EMS Tax Fund	$3,445

During 2025, the General Fund loaned the Capital Projects Funds money for the purchase of capital equipment. This will be repaid in installments of $50,000, with a final payment of $38,000 in 2029.

In December 2025, funds from the State for the 2025 winter services agreement were deposited into the Highway Aid Fund. These funds belong on the General Fund, and were transferred to that fund in January 2026.

At December 31, 2025, the General Fund owed the Fire Tax and EMS Tax Funds for their respective portions of delinquent real estate taxes collected during the year.

Transfers between funds of the Township for the year ended December 31, 2025 were as follows:

	Transfers In	Transfers Out
General Fund	$16,489	$229,999
Capital Projects Fund	229,999	16,489
Total	$246,488	$246,488

The Capital Projects Fund is funded primarily by annual transfers from the General Fund. During 2025, the Capital Projects Fund also reimbursed the General Fund for portions of grant-related projects.

Note 11: Litigation:

The Township is a party to various legal proceedings. These financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the any legal proceeding is difficult to predict, due to the insurance coverage maintained by the Township and the State statute relating to judgments, the Township believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Township.

Note 12: Joint Ventures:

In December 2013, Smithfield Township entered into an Intermunicipal Agreement with Middle Smithfield Township and Lehman Township establishing the Oak Grove Multi-Municipal Compost Processing Program (OGMMCPP). OGMMCPP was created to operate an intermunicipal compost processing facility located within Middle Smithfield Township. Based on the Township's population per the 2010 United States Census, Smithfield Township is responsible for 22% of the operating costs of the program. Total contributions made to OGMMCPP in 2025 were $11,220. Middle Smithfield Township, as lead municipality, has assumed responsibility of the day-to-day operations of the compost processing facility. Per the Intermunicipal Agreement, the OGMMCPP's financial statements are audited annually. The audited financial statements are available for review at the Middle Smithfield Township Municipal Building.

Note 13: Deficit Fund Balance:

At December 31, 2025, the Capital Improvements Fund (an individual major fund) reported a deficit in fund balance of $41,050. The deficit resulted primarily from the Capital Improvements Fund borrowing money from the General Fund for the purchase of capital equipment.

Management expects to eliminate this deficit through future interfund operating transfers.

The deficit is not expected to adversely affect the Capital Improvement Fund's ability to meet its obligations as they come due.

Note 14: Related Organization:

Smithfield Township Sewer Authority (the Authority) was incorporated under the Municipal Authorities Act by ordinance of the Township and resolution of the Authority in 1988. The Authority was organized to provide sewer service for the residents and businesses located in Smithfield Township. It is empowered to acquire, hold, construct, improve, maintain, operate and lease, as lesser or lessee, sewer system and sewage treatment works. The Authority bills quarterly fees to users based on the number of EDU's allocated to them and assesses a connection fee to new users.

The Authority is governed by a Board of Directors consisting of five members. In accordance with the Authority's enabling legislation, the members of the Board are appointed by the Township Supervisors. Although the Township appoints the Authority's governing board, the Township does not have the ability to impose its will on the Authority, nor is there a financial benefit/burden relationship between the Township and the Authority that would make the Authority a component unit of the Township under Governmental Accounting Standards Board (GASB) standards. Accordingly, the Authority is not included in the Township's reporting entity.

In 2025 it was determined that the Authority no longer met the criteria for being considered a component unit of the Township, due to the Authority having repaid its obligation to the Township related to the 2015 bond issuance.

The Authority is considered a related organization of the Township because the Township is responsible for appointing a voting majority of the Authority's governing board.

During the year ended December 31, 2025, there were no significant financial transactions between the Authority and the Township other than routine governmental interactions conducted in the normal course of operations.

Note 15: Subsequent Events:

Management has evaluated subsequent events through September 9, 2026, the date the financial statements were available to be issued.

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Smithfield Township

Required Supplementary Information

As of December 31, 2025

SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Cash Basis Budgeted Amounts		Modifed Accrual	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	$2,600,906	$2,810,906	$2,928,970	$118,064
Licenses and permits	115,000	115,000	50,150	(64,850)
Fines and forfeits	1,500	22,880	24,163	1,283
Interest, rents, and royalties	120,625	140,125	148,191	8,066
Intergovernmental	117,300	128,800	384,303	255,503
Charges for services	66,800	92,800	104,983	12,183
Total Revenues	3,022,131	3,310,511	3,640,760	330,249
Expenditures:				
General government	738,549	657,218	612,340	44,878
Public safety	138,336	421,773	443,667	(21,894)
Health and human services	300	300	195	105
Public works - Sanitation	35,500	26,500	25,432	1,068
Public works - Highways and streets	872,725	1,077,981	1,271,576	(193,595)
Public works - Other	8,750	13,809	14,113	(304)
Culture and recreation	198,229	225,896	230,276	(4,380)
Community development	1,000	1,000	0	1,000
Debt service	237,911	238,000	237,828	172
Insurance	105,000	82,000	73,722	8,278
Employee benefits and taxes	471,500	459,500	398,976	60,524
Total Expenditures	2,807,800	3,203,977	3,308,125	(104,148)
Excess (Deficiency) of Revenues over Expenditures	214,331	106,534	332,635	226,101

SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Cash Basis Budgeted Amounts		Modifed Accrual	Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other Funding Sources (Uses):				
Interfund operating transfers in	0	0	16,489	16,489
Interfund operating transfers out	(213,331)	(229,999)	(229,999)	0
Refund of prior year revenues	(1,000)	(17,125)	(32,948)	(15,823)
Use of fund balance	0	140,590	0	(140,590)
Total Other Financing Sources and Uses	(214,331)	(106,534)	(246,458)	(139,924)
Net Change in Fund Balance	$0	$0	86,177	$86,177
Net Position at Beginning of Year			3,723,963	
Net Position at End of Year			$3,810,140	

SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Highway Aid Fund
For the Year Ended December 31, 2025

Schedule 2

	Cash Basis Budgeted Amounts		Modifed Accrual	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$316,930	$321,159	$321,159	$0
Interest, rents, and royalties	6,500	6,500	7,336	836
Total Revenues	323,430	327,659	328,495	836
Expenditures:				
Public works - highways and streets	323,430	327,659	337,836	(10,177)
Net Change in Fund Balance	$0	$0	(9,341)	($9,341)
Net Position at Beginning of Year			14,488	
Net Position at End of Year			$5,147	

SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Fire Tax Fund
For the Year Ended December 31, 2025

Schedule 3

	Cash Basis Budgeted Amounts		Modifed Accrual	with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$343,654	$343,654	$358,101	$14,447
Interest, rents, and royalties	500	500	1,065	565
Total Revenues	344,154	344,154	359,166	15,012
Expenditures:				
Public safety	344,154	344,154	352,411	(8,257)
Net Change in Fund Balance	$0	$0	6,755	$6,755
Net Position at Beginning of Year			5,832	
Net Position at End of Year			$12,587	

SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - EMS Tax Fund
For the Year Ended December 31, 2025

Schedule 4

	Cash Basis Budgeted Amounts		Modifed Accrual	with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$187,447	$187,447	$195,326	$7,879
Interest, rents, and royalties	75	75	508	433
Total Revenues	187,522	187,522	195,834	8,312
Expenditures:				
Public safety	187,522	187,522	192,223	(4,701)
Net Change in Fund Balance	$0	$0	3,611	$3,611
Net Position at Beginning of Year			2,421	
Net Position at End of Year			$6,032	

SMITHFIELD TOWNSHIP
Notes to Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2025

Schedule 5

Budgetary Control

Budgets are legally adopted for the General Fund, Highway Aid Fund, Fire Tax Fund, EMS Tax Fund, and Capital Improvements Fund. In accordance with generally accepted accounting principles, the Township presents comparisons of budgetary data to actual results for the General Fund and each major Special Revenue Fund. Smithfield Township prepares its annual budget on a basis of accounting (budget basis) which differs from generally accepted accounting principles (GAAP basis).

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Board of Supervisors prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget, and hearings on the proposed budget, are held by the Board of Supervisors prior to adoption.
3. Prior to December 31, the budget is legally enacted by the Board of Supervisors and a tax levy ordinance is adopted.
4. The Board of Supervisors, during budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Variances with Final Budget

For the year ended December 31, 2025, expenditures exceeded appropriations by $104,108 on the General Fund. These excess expenditures were funded by revenues that were in excess of budgeted amounts.

For the year ended December 31, 2025, expenditures exceeded appropriations by $10,177 on the Highway Aid Fund. These excess expenditures were funded by use of fund balance.

For the year ended December 31, 2025, expenditures exceeded appropriations by $8,257 on the Fire Tax Fund. These excess expenditures were funded by revenues that were in excess of budgeted amounts.

For the year ended December 31, 2025, expenditures exceeded appropriations by $4,701 on the EMS Tax Fund. These excess expenditures were funded by revenues that were in excess of budgeted amounts.

SMITHFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability
For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	$102,621	$87,795	$82,589	$70,392	$63,590	$49,658	$38,722	$38,716	$37,030	$35,841
Interest	62,068	48,633	42,783	38,189	34,513	40,334	26,808	24,604	25,057	21,848
Changes of Benefit Terms	14,280	0	0	0	0	0	5,352	0	0	0
Differences Between Expected and Actual Experience	(27,999)	0	13,820	0	(16,801)	0	(388)	0	(134)	(1)
Changes of Assumptions	(11,332)	0	0	0	12,531	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0
Benefit Payments, Including Refunds of Member Contributions	(52,378)	(31,201)	(28,051)	(28,051)	(28,841)	(3,298)	(872)	(71,629)	0	0
Net Change in Total Pension Liability	87,260	105,227	111,141	80,530	64,992	86,694	69,622	(8,309)	61,953	57,688
Total Pension Liability - Beginning	1,014,042	908,815	797,674	717,144	652,152	565,458	495,836	504,145	442,192	384,504
Total Pension Liability - End	$1,101,302	$1,014,042	$908,815	$797,674	$717,144	$652,152	$565,458	$495,836	$504,145	$442,192

SMITHFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability
For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Fiduciary Net Position:										
Contributions - Employer	$49,961	$47,740	$39,566	$36,585	$33,634	$28,150	$23,514	$25,725	$23,343	$24,002
Contributions - PMRS Assessment	520	440	380	300	20	200	20	0	0	0
Contributions - Employee	52,679	44,409	43,855	33,807	29,956	21,508	14,731	15,466	13,030	11,841
PMRS Investment Income	63,706	49,446	43,167	38,686	35,456	41,142	28,422	25,438	25,876	22,539
Market Value Invesment Income	56,297	55,814	(149,991)	84,357	41,797	80,918	(61,756)	55,215	7,773	(25,434)
Transfers	0	0	0	0	0	0	0	0	0	0
Benefit Payments, Including Refunds of Member Contributions	(52,378)	(31,201)	(28,051)	(28,051)	(28,841)	(3,298)	(872)	(71,629)	0	0
PMRS Administrative Expense	(520)	(440)	(380)	(300)	(260)	(200)	(200)	(160)	(160)	(160)
Additional Administrative Expense	(3,489)	(2,769)	(2,281)	(2,191)	(1,545)	(1,422)	(1,268)	(1,170)	(1,268)	(940)
Net Change in Plan Fiduciary Net Position	166,776	163,439	(53,735)	163,193	110,217	166,998	2,591	48,885	68,594	31,848
Plan Net Position - Beginning	1,081,356	917,917	971,652	808,459	698,242	531,244	528,653	479,768	411,174	379,326
Plan Net Position - Ending	$1,248,132	$1,081,356	$917,917	$971,652	$808,459	$698,242	$531,244	$528,653	$479,768	$411,174

SMITHFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability
For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Net Pension Liability/(Asset)	($146,830)	($67,314)	($9,102)	($173,978)	($91,315)	($46,090)	$34,214	($32,817)	$24,377	$31,018
Plan Net Position as a Percentage of the Total Pension Liability/(Asset)	113.3%	106.6%	101.0%	121.8%	112.7%	107.1%	93.9%	106.6%	95.2%	93.0%
Covered Employee Payroll	$720,752	$579,924	$478,387	$428,258	$400,184	$413,629	$380,661	$359,483	$318,217	$325,306
Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	-20.4%	-11.6%	-1.9%	-40.6%	-22.8%	-11.1%	9.0%	-9.1%	7.7%	9.5%
Plan Money-Weighted Rate of Return, Net of Investment Expense	9.22%	10.98%	-12.83%	13.34%	13.80%	20.90%	-4.57%	17.84%	8.23%	-0.27%

Data for the year ended December 31, 2025 was not made available by PMRS at the time these statements were prepared.

SMITHFIELD TOWNSHIP
Schedule of Employer Contributions
For the Year Ended December 31, 2025

Schedule 7

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution (SRC)	$50,462	$43,826	$39,114	$36,885	$33,894	$28,350	$24,191	$23,410	$24,160	$24,160
Contributions in Relation to the SRC	50,481	48,180	39,946	36,885	33,654	28,350	23,534	25,725	23,343	24,002
Contribution (Excess)Deficiency	($19)	($4,354)	($832)	$0	$240	$0	$657	($2,315)	$817	$158
Covered Employee Payroll	$720,752	$579,924	$478,387	$428,258	$400,184	$413,629	$380,661	$359,483	$318,217	$325,306
Contributions as a Percentage of Covered Employee Payroll	7.00%	8.31%	8.35%	8.61%	8.41%	6.85%	6.18%	7.16%	7.34%	7.38%

Valuation Date	1/1/2025
Actuarial Cost Method	Entry Age
Amortization Period	Level
Asset Valuation Method	Based upon the municipal reserves
Discount Rate	5.25%
Inflation	2.20%
Salary increases	Age
COLA increases	2.2% for those eligible for a COLA
Pre-Retirement Mortality	Males - PUB-2010 General Employees male table, Females - PUB-2010 General Employees female table
Post-Retirement Mortality	Males - RP2006 annuitant male table, Females - RP2006 annuitant female table

Data for the year ended December 31, 2025 was not made available by PMRS at the time these statements were prepared.

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Smithfield Township

Supplementary Information

As of December 31, 2025

SMITHFIELD TOWNSHIP
Balance Sheet
Combining Balance Sheet – Other Governmental Funds
As of December 31, 2025

Schedule 8

	Park and Recreation Fund	Fairshare Road Improvement Fund	Fees in Lieu of Open Space Fund	Rivers Edge Bike Park Fund	Total Other Governmental Funds
Assets:					
Cash and cash equivalents	$0	$12,631	$8,614	$10,749	$31,994
Fund Balances:					
Restricted	$0	$12,631	$8,614	$10,749	$31,994

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

Schedule 9

	Park and Recreation Fund	Fairshare Road Improvement Fund	Fees in Lieu of Open Space Fund	Rivers Edge Bike Park Fund	Total Other Governmental Funds
Revenues:					
Interest, rents, and royalties	$8	$503	$332	$173	$1,016
Charges for services	0	0	500	0	500
Total Revenues	8	503	832	173	1,516
Expenditures:					
Culture and recreation	1,650	0	0	0	1,650
Change in Fund Balances	(1,642)	503	832	173	(134)
Fund Balances at Beginning of Year	1,642	12,128	7,782	10,576	32,128
Fund Balances at End of Year	$0	$12,631	$8,614	$10,749	$31,994