This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2026

NEW ISSUE -- BOOK-ENTRY ONLY

Rating: Moody's: "Aaa" (Underlying)
(See "RATING" herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Township with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

$20,000,000*
Township of Upper Macungie
Lehigh County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: April 1 and October 1

Principal Due: October 1, as shown on inside cover
First Interest Payment: April 1, 2027

The Township of Upper Macungie, Lehigh County, Pennsylvania (the "Township"), will issue its General Obligation Bonds, Series of 2026 (the "Bonds") in registered form, without coupons, in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of the Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, they will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon surrender of the Bonds at the designated corporate trust office of U.S. Bank Trust Company, National Association, located in Philadelphia, Pennsylvania (the "Paying Agent"), acting as paying agent and sinking fund depository. Interest on the Bonds is payable initially on April 1, 2027 and thereafter semiannually on April 1 and October 1 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by wire transfer to DTC so long as it or its nominee is the registered owner of the Bonds as of the Record Date (see "THE BONDS" *herein*).

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

The proceeds of the Bonds will be used to finance (1) various capital projects including, but not limited to, the planning, design, purchase, acquisition and construction, as applicable of (i) land, buildings and facilities for governmental use by the Township and such related appurtenances, and suitable fixtures, furnishings and equipment therefor; (ii) various capital projects for governmental use by the Township, to the extent of available funds (collectively, the "Project"); (2) paying capitalized interest on the Bonds; and (3) the cost of issuing the Bonds.

THE BONDS ARE GENERAL OBLIGATIONS OF THE TOWNSHIP AND ARE PAYABLE FROM THE TAXES AND OTHER GENERAL REVENUES OF THE TOWNSHIP. THE TOWNSHIP HAS COVENANTED THAT IT WILL INCLUDE THE AMOUNT OF DEBT SERVICE FOR THE BONDS FOR EACH FISCAL YEAR IN WHICH SUCH SUMS ARE PAYABLE IN ITS BUDGET FOR THAT FISCAL YEAR, THAT IT WILL APPROPRIATE SUCH AMOUNTS FROM ITS GENERAL REVENUES FOR THE PAYMENT OF SUCH DEBT SERVICE ON THE BONDS FOR SUCH FISCAL YEAR AND THAT IT WILL DULY AND PUNCTUALLY PAY OR CAUSE TO BE PAID FROM THE SINKING FUND OR ANY OF ITS REVENUES OR FUNDS THE PRINCIPAL OF AND INTEREST ON THE BONDS AT THE DATES AND PLACE AND IN THE MANNER STATED ON THE BONDS ACCORDING TO THE TRUE INTENT AND MEANING THEREOF. WITH REGARD TO SUCH BUDGETING, APPROPRIATION AND PAYMENT, THE TOWNSHIP IRREVOCABLY HAS PLEDGED ITS FULL FAITH, CREDIT AND TAXING POWER.

The Bonds are an authorized investment for fiduciaries in the Commonwealth pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

MATURITY DATES AND AMOUNTS, INTEREST RATES, AND INITIAL OFFERING YIELDS/PRICES ARE SHOWN ON THE INSIDE COVER

The Bonds are offered for delivery when, as and if issued by the Township and received by the Underwriters subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Bond Counsel, of Harrisburg, Pennsylvania. Certain legal matters will be passed upon for the Township by its Solicitor, Davison & McCarthy P.C., Allentown, Pennsylvania. PFM Financial Advisors LLC, of Malvern, Pennsylvania, serves as the Municipal Advisor to the Township in connection with the issuance of the Bonds. It is expected that the Bonds will be available to DTC or its agent, on or about December __, 2026.

STIFEL PNC

Dated: _____

*Estimated, subject to change.

$20,000,000*
Township of Upper Macungie
Lehigh County, Pennsylvania
General Obligation Bonds, Series of 2026

Bond Maturity Schedule

Dated: Date of Delivery
Interest Due: April 1 and October 1

Principal Due: October 1, as shown below
First Interest Payment: April 1, 2027

Year of Maturity (October 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	CUSIP Numbers[(1)]
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				

[(1)]The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Township or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Township nor the Underwriters has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

TOWNSHIP OF UPPER MACUNGIE

Lehigh County, Pennsylvania

TOWNSHIP BOARD OF SUPERVISORS

Name	Position
Jeff Fleischaker, Esq.	Chairman
Sunny Ghai	Vice-Chair
Andrew Snyder	Member

TOWNSHIP MANAGER
ROBERT IBACH, JR.
(Retirement Date of December 15, 2026)

ASSISTANT TOWNSHIP MANAGER
NICHOLAS STEINER

DIRECTOR OF FINANCE
MICHELLE SOULS

TOWNSHIP SOLICITOR
DAVISON & MCCARTHY P.C.
Allentown, Pennsylvania

BOND COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Malvern, Pennsylvania

CO-UNDERWRITERS
STIFEL, NICOLAUS & COMPANY, INCORPORATED
Conshohocken, Pennsylvania

PNC Capital Markets LLC
Philadelphia, Pennsylvania

PAYING AGENT
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Philadelphia, Pennsylvania

TOWNSHIP MAILING ADDRESS
8330 Schantz Road
Breinigsville, Pennsylvania 18031

TOWNSHIP PHYSICAL ADDRESS
7540 Windsor Drive
Allentown, Pennsylvania 18106

No dealer, broker, salesman, or other person has been authorized by the Township to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Township and from other sources which are believed to be reliable, but the Township does not guarantee the accuracy or completeness of information from sources other than the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside cover hereof.

If and when included in this Preliminary Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Township include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Township. Such forward-looking statements speak only as of the date of this Preliminary Official Statement. The Township disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Township's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. None of the information contained herein, including any assumptions which relate to any forward-looking statements, has been modified to reflect changes, if any.

The Table of Contents does not list all of the subjects in this Preliminary Official Statement and in all instances reference should be made to the complete Preliminary Official Statement to determine the subjects set forth herein.

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PRELIMINARY OFFICIAL STATEMENT

$20,000,000*
Township of Upper Macungie
Lehigh County, Pennsylvania
General Obligation Bonds, Series of 2026

INTRODUCTORY STATEMENT

This Preliminary Official Statement, including the cover and inside page and the Appendices hereto, is furnished in connection with the offering of $20,000,000* aggregate principal amount of the General Obligation Bonds, Series of 2026 (the "Bonds") to be dated the Date of their Delivery to the Underwriters ("Date of Delivery") of the Township of Upper Macungie (the "Township"), located in Lehigh County, Pennsylvania. The Bonds are being issued pursuant to an ordinance enacted by the Board of Supervisors of the Township on June 5, 2025 (the "Bond Ordinance"), and in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. C. S. Chs. 80-82 (the "Debt Act").

The Pennsylvania Department of Community and Economic Development has examined and approved the Bond Ordinance and related documents required under the Debt Act to issue "nonelectoral debt" (debt of the Township without prior voter approval).

Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the Township or the communities or areas located near the Township since the date of this Preliminary Official Statement or the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

The proceeds of the Bonds will be used to finance (1) various capital projects including, but not limited to, the planning, design, purchase, acquisition and construction, as applicable of (i) land, buildings and facilities for governmental use by the Township and such related appurtenances, and suitable fixtures, furnishings and equipment therefor; (ii) various capital projects for governmental use by the Township, to the extent of available funds (collectively, the "Project"); (2) paying capitalized interest on the Bonds; and (3) the cost of issuing the Bonds.

SOURCES AND USES OF FUNDS

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

Sources of Funds	**Total**
Par Amount of Bonds	
Net Original Issue Premium/(Discount)	
Total Sources	
Uses of Funds	
Deposit to Project Fund	
Capitalized Interest	
Costs of Issuance[(1)]	
Total Uses	

[(1)] Includes underwriter's discount, legal, printing, rating, municipal advisor, paying agent, and miscellaneous fees.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form, in denominations of $5,000 principal amount and integral multiples thereof. The Bonds will be dated the Date of Delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on April 1, 2027, and thereafter, semiannually on April 1 and October 1 of each year (each an "Interest Payment Date") until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK–ENTRY ONLY SYSTEM" herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the Township with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the book-entry only system for the Bonds is discontinued for any reason, Bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs.

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to U.S. Bank Trust Company, National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

Interest is payable to the registered owner of a Bond from the Interest Payment Date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from said Interest Payment Date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding April 1, 2027, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond is payable by wire transfer to DTC, so long as it or its nominee is the registered owner of the Bonds; otherwise interest is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the Township shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania (the "Commonwealth") are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in the Commonwealth are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

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*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under *"Book-Entry Only System"*, the Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The Township and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Township and the Paying Agent shall not be affected by any notice to the contrary.

The Township and the Paying Agent shall not be required to issue or register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day of mailing the applicable notice of redemption or to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date.

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on or after October 1, 20__, shall be subject to redemption prior to maturity, at the option of the Township, in whole or in part (and if in part, in any order of maturity selected by the Township and within a maturity by lot), at any time on or after _____, at a price equal to 100% of the principal amount of such Bonds redeemed, together with accrued interest thereon to the date fixed for such optional redemption.

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Bond Ordinance, the following Bonds are subject to mandatory redemption in direct order of maturity pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Bond Ordinance at a redemption price equal to one-hundred percent (100%) of the principal amount thereof, together with accrued interest, on October 1 of the following years and in the following principal amounts:

Bonds stated to mature October 1, 20__:

Year	**Amount**

*Final Stated Maturity

Notice of Redemption

While Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the Township and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of the Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books kept by the Paying Agent; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

Such notice shall be given in the name of the Township, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and that interest will cease to accrue from the date of redemption. The Paying Agent may use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to registered owners of the Bonds, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the Bonds.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Bond Ordinance, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If at the time of mailing the notices of redemption the Township shall not have deposited with the Paying Agent money sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is subject to the deposit of the redemption money with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Manner of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the Township, the Paying Agent and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

If a Bond is of a denomination larger than $5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds that is equal to the principal amount thereof divided by $5,000, each $5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of a certificated Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The Township (herein referred to as the "Issuer") and the Underwriters do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the Township or the Underwriters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be

recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Township and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.

SECURITY FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the Township, payable from its tax and other general revenues, which taxing power presently includes ad valorem taxes which may be levied on all taxable real property within the Township presently without limitation as to rate or amount for the payment of debt service on the Bonds (but see "TAXING POWER" herein). The Township has covenanted in the Bond Ordinance that it will include the amount of debt service from the Bonds for each fiscal year in which such sums are payable in its budget for that fiscal year, that it will appropriate such amounts from its general revenues for the payment of such debt service on the Bonds for such fiscal year, and that it will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds. For such budgeting, appropriation and payment the Township irrevocably has pledged its full faith, credit and taxing power.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds (the "Sinking Fund"), has been created under the Bond Ordinance and is maintained by the Paying Agent, as sinking fund depositary. The Township shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depositary, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Debt Act, upon direction of the Township. Such deposits and securities shall be in the name of the Township, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depositary, is authorized without further order from the Township to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

Defaults and Debt Act Remedies

In the event of failure of the Township to pay or cause to be paid the interest on or principal of the Bonds as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right subject to certain priorities and limitations under the Debt Act to recover the amount due by bringing a civil action in the Court of Common Pleas in the county in which the Township is located. The Debt Act provides that any judgment shall have an appropriate priority upon the money next coming into the treasury of the Township. The Debt Act also provides that upon a default of at least 30 days holders of at least 25% of the Bonds may appoint the Paying Agent or other trustee to represent them. The Debt Act provides other remedies in the event of default, and further qualifies the remedies hereinbefore described.

THE TOWNSHIP OF UPPER MACUNGIE

The Township of Upper Macungie (the "Township") is a township of the Second-Class governed by a Board of Township Supervisors of three elected members. The current form of government is supervisor controlled, with the Township Manager appointed by the Supervisors and serving at the will of the Supervisors. The Manager is responsible for implementing the policies and programs adopted by the Supervisors and for the daily operations of the Township.

The Township of Upper Macungie had a population of approximately 26,377 at the 2020 Decennial Census and covers 26.3 square miles in the southwestern section of Lehigh County, Pennsylvania. It is adjacent to the townships of Lower Macungie, South Whitehall, Weisenberg, and Lowhill. Located approximately twelve miles west of the City of Allentown, the Township is characterized as a residential, suburban community with a balanced mix of residential, commercial, and light industrial development.

TOWNSHIP FINANCES

The Township has not defaulted on the payment of interest or principal on any of the Township's obligations, or on any lease rental obligations due any authority, nor has the Township, at any time, issued refunding obligations in order to avoid a default on an existing obligation.

Financial Reporting

The basic financial statements of the Township are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The independent auditing firm of Buckno Lisicky & Company serves as Township auditor.

Summary of Fund Revenues, Expenditures and Changes in Fund Balances

The tables appearing on the following pages represent the Township's audited General Fund Balance Sheet for the period 2021 through 2025, summary of the audited General Fund Revenues and Expenditures for the period 2021 through 2025, and the budget General Fund Revenues and Expenditures for 2026.

TABLE 1
TOWNSHIP OF UPPER MACUNGIE
GENERAL FUND BALANCE SHEET
(Fiscal Years Ending December 31)

	Actual				
ASSETS	**2021**	**2022**	**2023**	**2024**	**2025**
Cash	$12,922,958	$7,910,634	$2,301,404	$7,096,268	$1,584,470
Investments	18,005,686	29,717,250	36,492,319	34,997,704	34,047,575
Taxes Receivable, net	2,785,030	1,811,919	1,987,235	2,211,450	2,176,431
Escrow Cash	361,285	0	0	0	0
Accounts Receivable	0	194,852	370,734	247,483	503,247
Due from Other Funds	1,663,639	5,547,469	7,082,373	5,230,658	43,769,438
Lease Receivable	0	3,330,132	3,023,408	3,620,902	3,362,782
Other Receivables	114,336	0	0	0	0
Prepaid Expenses	281,988	145,164	175,520	428,436	163,327
Total Assets	$36,134,922	$48,657,420	$51,432,993	$53,832,901	$85,607,270
LIABILITIES					
Accounts Payable	$957,536	$1,403,076	$1,343,529	$865,136	$684,824
Grant Funds Not Spent	1,245,898	1,959,263	1,304,633	814,332	0
Unearned Revenues	0	89,269	60,292	0	517,768
Due to Other Funds	7,204	0	0	0	6,164,915
Total Liabilities	$2,210,638	$3,451,608	$2,708,454	$1,679,468	$7,367,507
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	$115,749	$64,016	$84,537	$45,279	$50,878
Deferred Leases	0	3,330,132	3,023,408	3,620,902	3,362,782
Total Deferred Inflows of Resources	$115,749	$3,394,148	$3,107,945	$3,666,181	$3,413,660
FUND BALANCES					
Nonspendable	$281,988	$145,164	$175,520	$428,436	$163,327
Restricted	0	0	0	0	26,296,882
Assigned	2,392,779	0	0	0	0
Unassigned	31,133,768	41,666,500	45,441,074	48,058,816	48,365,894
Total Fund Balances	$33,808,535	$41,811,664	$45,616,594	$48,487,252	$74,826,103
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$36,134,922	$48,657,420	$51,432,993	$53,832,901	$85,607,270

Source: Township Audited Financial Statements.

TABLE 2
TOWNSHIP OF UPPER MACUNGIE
SUMMARY STATEMENT OF GENERAL FUND
REVENUES AND EXPENDITURES
(For Years Ending December 31)

	Actual				
REVENUE	**2021**	**2022**	**2023**	**2024**	**2025**
Taxes	$14,518,575	$15,188,974	$14,111,451	$14,572,472	$15,884,681
Licenses and Permits	1,882,151	22,054	31,575	12,576	20,503
Fines and Forfeits	163,720	155,890	143,140	143,273	150,232
Interest, Rents, and Royalties	455,729	958,337	2,440,526	2,478,025	2,162,735
Intergovernmental	1,084,335	1,531,435	1,726,786	1,617,842	1,671,110
Charges for Services	387,512	2,219,729	2,385,461	2,909,306	2,108,242
Refund of Prior Year Expenditures	678,658	0	0	0	0
Miscellaneous	46,942	13,571	45,999	48,695	26,733
Total Revenue	$19,217,622	$20,089,990	$20,884,938	$21,782,189	$22,024,236
EXPENDITURES					
General Government	$1,859,489	$1,501,775	$1,699,766	$1,822,334	$2,563,354
Public Safety	7,702,036	8,534,308	9,528,343	11,767,013	12,553,851
Public Works	2,389,617	2,375,937	2,602,880	3,065,759	3,448,253
Culture and Recreation	878,357	1,022,634	1,232,783	1,304,142	2,975,411
Debt Service	0	0	0	0	194,089
Other Operating Expenditures	5,184	613,860	655,755	490,301	342,865
Total Expenditures	$12,834,683	$14,048,514	$15,719,527	$18,449,549	$22,077,823
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	$6,382,939	$6,041,476	$5,165,411	$3,332,640	($53,587)
OTHER FINANCING SOURCES (USES)					
Transfers In	$325,459	$1,554,339	$325,459	$325,459	$325,460
Transfers Out	(2,035,232)	0	(1,936,679)	(1,502,183)	(1,115,556)
Proceeds From Bonds	0	0	0	0	25,000,000
Bond Premiums	0	0	0	0	1,689,180
Refund of Prior Year Expenditures	0	407,314	250,739	338,485	493,354
Total Other Financing Sources (Uses)	($1,709,773)	$1,961,653	($1,360,481)	($838,239)	$26,392,438
NET CHANGE IN FUND BALANCES	$4,673,166	$8,003,129	$3,804,930	$2,494,401	$26,338,851
Fund Balance - January 1	$29,135,369 [(1)]	$33,808,535	$41,811,664	$45,992,851 *	$48,487,252
Fund Balance - December 31	$33,808,535	$41,811,664	$45,616,594	$48,487,252	$74,826,103

*As restated.
[(1)] Effective January 1, 2021, the Township combined the Medical Expense Fund and the Operating Revenue Fund with the General Fund to streamline and simplify financial reporting. This added an additional $2,392,779 to the General Fund on January 1, 2021.
Source: Township Audited Financial Statements.

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TABLE 3
TOWNSHIP OF UPPER MACUNGIE
GENERAL FUND BUDGET OF
REVENUES AND EXPENDITURES
(For Year Ending December 31, 2026)

	2026[1]
REVENUES	
Real Estate Taxes	$3,080,000
Real Estate Transfer Taxes	1,850,000
Earned Income Taxes	8,800,000
Local Services Tax	1,400,000
Permits	12,000
Fines	137,500
Interest and Rents	1,635,720
Operating Grants	357,081
Intergovernmental	5,492,844
Services and Charges	1,729,600
Park and Recreation	459,500
Refunds/Reimbursements/Misc.	186,500
Total Revenues	$25,140,745
EXPENDITURES	
General Government - Administration	$643,850
Finance/Tax Collector	700,509
Legal/Insurance/Accounting/Engineering	596,373
Clerical and Office	484,910
General Government - Operating	70,511
Debt Service	1,507,181
Police	8,364,931
Community and Economic Development	2,786,115
Public Works	2,805,407
Snow and Ice Removal	301,541
Traffic and Street Lights	327,496
Street and Road Maintenance	605,000
Recreation	910,680
Parks	953,674
Civic	53,000
Intergovernmental (Local)	3,092,281
Total Expenditures	$24,203,459
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$937,286

[1]As adopted December 4, 2025.
Source: Township 2026 Final Budget.

TAXING POWER

Under the Second Class Township Code, the Township is permitted to levy taxes for general township purposes on the assessed value of real estate up to 14 mills and an additional 5 mills with permission of the Court of Common Pleas for the County of Lehigh, and an unlimited amount for debt service on obligations issued under the Debt Act. Other specific millages are permitted under the Second Class Township Code and under other laws for certain specific purposes.

Under the Act of December 31, 1965 P.L. 1257, effective January 1, 1966 ("The Local Tax Enabling Act"), which replaced and repealed Act 481 of June 25, 1947, P.L. 1145, additional taxes may be levied (subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege), subject to the following limitations:

Tax on Occupations - no rate limit set by The Local Tax Enabling Act if a millage or percentage of the assessed valuation of occupations is used as a base.

Under the Act of December 31, 1965, P.L. 1257, No. 511, effective January 1, 1966, the Pennsylvania Local Tax Enabling Act, additional taxes may be levied by the Township, subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, as follows:

Tax	Maximum Levy
Per Capita	$10.00
Earned income	1%
Transfer of title of real property	1%
Local Services Tax	$52.00
Occupation tax (flat rate / if a percentage of assessed valuation of the occupation)	$10.00/ no limit

The aggregate amount of taxes which may be imposed by any political subdivision under the Local Tax Enabling Act may not exceed an amount equal to the product of 12 mills on the latest total market value of real estate as determined by the board for the assessment and revision of taxes, or any similar board established by the assessment law which determines market values of real estate within the political subdivision, or, if no such board has determined such values, then on the values certified by the State Tax Equalization Board.

2026 PROPERTY TAX RATES

Township	00.6400 mills
School District*	18.4200 mills
County	03.7800 mills
Total	**22.8400 mills**

*The School District tax year runs from July 1 to June 30. Millage shown above is for the 2026-27 school year.

TABLE 4
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

Fiscal Year	Township of Upper Macungie	Lehigh County	Fiscal Year	Parkland School District	Total Combined
2022	0.6400	3.7800	2022-23	15.9000	20.3200
2023	0.6400	3.7800	2023-24	16.3000	20.7200
2024	0.6400	3.7800	2024-25	17.1200	21.5400
2025	0.6400	3.7800	2025-26	17.8000	22.2200
2026	0.6400	3.7800	2026-27	18.4200	22.8400

Source: Pennsylvania Department of Community and Economic Development, Parkland School District PDE-2028 Budgets, and Township Officials.

The following table indicates the Township's assessed valuation, tax rate, tax levy, current and total real estate collections for the years 2021-2025.

TABLE 5
REAL ESTATE TAX COLLECTION RECORD

Fiscal Year	Taxable Valuation of Real Estate	Millage	Current Adjusted Levy	Current Collections	Percent of Year Collections	Prior Years' Taxes	Total Collections	Percent of Adjusted Levy
2021	$5,013,434,172	0.6400	$3,208,598	$3,173,439	98.90%	$40,548	$3,213,987	100.17%
2022	4,662,166,703	0.6400	2,983,787	2,946,507	98.75%	27,806	2,974,313	99.68%
2023	4,601,962,828	0.6400	2,945,256	2,892,342	98.20%	44,665	2,937,007	99.72%
2024	4,670,125,156	0.6400	2,988,880	2,964,223	99.18%	67,849	3,032,072	101.45%
2025	4,989,350,400	0.6400	3,193,184	2,999,803	93.94%	90,233	3,090,036	96.77%
2026[(1)]	5,004,240,100	0.6400	3,202,714	3,113,797	97.22%	51,379	3,165,176	98.83%

[(1)] Estimated, as of September 23, 2026.
Source: Township Officials.

TABLE 6
TREND IN ASSESSED VALUATIONS

Shown below is a five-year trend of taxable assessed valuations and market values in the Township:

Year	Market Valuation	Assessed Valuation	Ratio
2021	$4,926,089,596	$4,258,344,700	86.44%
2022	5,955,282,686	4,474,048,700	75.13%
2023	6,145,798,513	4,583,473,200	74.58%
2024	7,185,184,712	4,670,125,700	65.00%
2025	7,484,011,469	4,777,661,000	63.84%

Source: Pennsylvania State Tax Equalization Board – Tax Equalization Division

TABLE 7
LAND USE PROPERTY ASSESSMENT

A five-year trend of land use in the Township, as classified by the most recent land assessed valuation of real property by the Pennsylvania State Tax Equalization Board, appears below:

	2021	2022	2023	2024	2025
Residential	$1,932,952,200	$1,959,546,300	$2,004,185,900	$2,054,826,600	$2,120,091,900
Trailers	19,827,800	20,658,900	21,584,100	21,906,500	22,524,800
Lot	8,445,800	9,293,800	10,751,900	12,646,600	15,325,700
Industrial	1,445,236,500	1,470,936,200	1,501,418,400	1,537,800,400	1,631,528,200
Commercial	841,386,700	1,003,335,800	1,036,560,200	1,034,297,900	981,605,200
Agriculture	3,030,200	3,030,200	2,943,500	3,013,700	3,013,700
Land	7,465,500	7,247,500	6,029,200	5,634,000	3,571,500
Total	$4,258,344,700	$4,474,048,700	$4,583,473,200	$4,670,125,700	$4,777,661,000

Source: Pennsylvania State Tax Equalization Board – Tax Equalization Division.

Shown below are the ten largest real estate taxpayers in the Township and their 2026 assessed valuation of real estate:

TABLE 8
TOWNSHIP OF UPPER MACUNGIE
TEN LARGEST REAL PROPERTY TAXPAYERS, 2026

Property Owner	2026 Assessed Value
Prologis, Inc.	$531,083,100
Air Products & Chemicals Inc.	179,745,500
Route 222 LLC	126,359,100
Ponte Gadea Compass LLC	73,205,900
BTB US Owner LLC	72,865,100
Americold Allentown Propco LLC	58,998,200
Tierpoint LLC	56,514,600
HPIII Lehigh Valley IHC LLC	42,157,500
S/K Cetronia Associates LP	41,476,500
Woodmont UM LP	40,854,900
Total	$1,223,260,400

Source: Township Officials.

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FINANCIAL HISTORY AND OUTSTANDING FINANCINGS

The Township has regularly issued and repaid, in a timely manner, short term debt to finance specific, smaller capital improvement projects.

The Township has never defaulted on payment of principal or interest on any of its obligations.

DEBT AND DEBT LIMITS

Debt Statement

Table 9 shows the debt of the Township of Upper Macungie as of November 10, 2026, including the issuance of the estimated Bonds.

TABLE 9
TOWNSHIP OF UPPER MACUNGIE
STATEMENT OF INDEBTEDNESS
(As of November 10, 2026)*

GENERAL OBLIGATION DEBT	**Gross Outstanding**
General Obligation Bonds, Series of 2026 (last maturity 2050)	$20,000,000*
General Obligation Bonds, Series of 2025 (last maturity 2049)	24,995,000
Total Direct Debt	$44,995,000
OVERLAPPING DEBT	
Lehigh County[(1)]	$21,652,721
Parkland School District[(2)]	99,656,678
Total Overlapping Debt	$121,309,399
TOTAL DIRECT AND OVERLAPPING DEBT	$166,304,399
DEBT RATIOS	
Direct Debt Per Capita (2020)	$1,705.84
Direct Debt Percent 2025 Assessed Value	0.94%
Direct Debt Percent 2025 Market Value	0.60%
Direct & Overlapping Debt Per Capita (2020)	$6,304.90
Direct & Overlapping Debt Percent 2025 Assessed Value	3.48%
Direct & Overlapping Debt Percent 2025 Market Value	2.22%

*Includes the estimated Bonds offered through this Preliminary Official Statement.
(1) Pro rata 14.9 percent of outstanding general obligation debt in the estimated amount of $145,490,000.
(2) Pro rata 53.5 percent of outstanding general obligation debt in the estimated amount of $186,280,000.
Sources: Township Officials, and Pennsylvania LGUDA website.

Types of Indebtedness Under the Debt Act

The Debt Act establishes three forms of debt for a local government unit: (i) electoral debt (debt incurred with the approval of the electors for which there is no limitation on the amount that may be so incurred), (ii) nonelectoral debt (debt of a local government unit not being electoral or lease rental debt for which the limitation on all such net debt which may be incurred is 250 percent of the borrowing base for the Township), and (iii) lease rental debt (the principal amount of municipal authority debt or debt of another local government unit to be repaid by the local government unit pursuant to a lease, subsidy contract guarantee or other form of agreement where such debt is or may be payable out of the tax revenues and other general revenues; the limitation on all such net debt which may be incurred, including any net nonelectoral debt incurred, is 350 percent of the borrowing base for the Township). Any debt which is approved by the Pennsylvania Department of Community and Economic Development as subsidized or self-liquidating may be deducted or excluded from the determination of any such debt incurred in determining the net debt of the local governmental unit to which such limitations are applicable. Certain other deductions are allowed in determining net debt.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the Township under the Debt Act is computed as a percentage of the Township's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of total "Revenues" (as defined by the Debt Act), for the three full calendar years ended next preceding the date of incurring debt. The Township calculates its present borrowing base and borrowing capacity as follows:

Total Revenue for 2023	$39,114,485
Total Revenue for 2024	39,272,564
Total Revenue for 2025	39,984,748
Total	$118,371,797
Annual Arithmetic Average (Borrowing Base)	$39,457,265

Under the Debt Act as presently in effect, (i) new nonelectoral debt may not be incurred if the net amount of such new nonelectoral debt plus all outstanding net nonelectoral debt would cause total net nonelectoral debt to exceed 250% of the Borrowing Base and (ii) new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral plus net lease rental debt to exceed 350% of the Borrowing Base. The application of the aforesaid percentages to the Township's Borrowing Base produces the following products:

	Legal Limit	**Net Debt Outstanding***	**Remaining Borrowing Capacity**
Net Nonelectoral Debt Limit:			
250% of Borrowing Base	$98,643,164	$44,995,000	$53,648,164
Net Nonelectoral and Lease Rental Debt Limit:			
350% of Borrowing Base	$138,100,430	$44,995,000	$93,105,430

*Includes the estimated Bonds offered through this Preliminary Official Statement.

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Debt Service Requirements

Table 10 presents the debt service requirements on the Township's outstanding general obligation indebtedness including debt service on the Bonds.

The Township has never defaulted on the payment of debt service.

TABLE 10
TOWNSHIP OF UPPER MACUNGIE
DEBT SERVICE REQUIREMENTS*

Year	Existing General Obligation Debt Service	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Debt Service Requirements
2026	$1,507,180				
2027	1,866,225				
2028	1,871,225				
2029	1,869,475				
2030	1,871,225				
2031	1,866,225				
2032	1,869,725				
2033	1,871,225				
2034	1,870,725				
2035	1,868,225				
2036	1,868,725				
2037	1,866,975				
2038	1,867,975				
2039	1,866,475				
2040	1,867,475				
2041	1,870,725				
2042	1,870,975				
2043	1,868,225				
2044	1,867,475				
2045	1,868,475				
2046	1,870,975				
2047	1,870,913				
2048	1,866,650				
2049	1,868,188				
2050	0				
Total	$44,491,680				

*Totals may not add due to rounding.

FUTURE FINANCING NEEDS

The Township anticipates issuing approximately $5-7 million of additional long-term debt within the next 1-3 years.

LABOR RELATIONS

Administration

The Administration Department employs 27 full-time, 25 part-time and 49 seasonal (recreation) employees. None of these employees are represented by a bargaining unit.

Public Works

The Public Works Department employs 21 full-time employees who are represented by the International Brotherhood of Electrical Workers. The current CBA will expire on April 30, 2027. There is 1 full-time administrative employee, 2 part-time employees, and 5 seasonal employees. These employees are not represented by a bargaining unit.

Police Department

The Police Department employs 30 full-time sworn officers that are represented by Upper Macungie Township Police Officers Association. The current CBA will expire on December 31, 2026. The Department has a 3 full-time sworn officer command staff and a 3 full-time employee administrative support staff that are not represented by a bargaining unit.

TOWNSHIP PENSION PLANS

The Township maintains two single-employer defined benefit pension plans, the Nonuniformed Employees' Pension Plan and the Police Pension Plan, as well as a defined contribution plan for certain administrative employees, each described below.

Administration

Administrative employees are eligible for one of two plans; those hired prior to January 1, 2022, are in the Nonuniformed Employees' Pension Plan, a defined benefit plan, and full-time, non-union administrative employees hired on or after January 1, 2022, are in a Defined Contribution Plan. Both plans are outlined in the Employee Handbook.

The Nonuniformed Employees' Pension Plan is a single-employer defined benefit plan administered by the Township that provides retirement, disability and death benefits to regular, full-time employees. The Township pays the full cost of the plan, and member contributions are not required. As of December 31, 2025, plan membership consisted of 34 active members, 30 retirees and beneficiaries currently receiving benefits, and 18 inactive members entitled to but not yet receiving benefits. In accordance with Pennsylvania Act 205 of 1984, as amended ("Act 205"), the Township's minimum municipal obligation ("MMO") to the plan for 2025 was $948,049. As of December 31, 2025, the plan's total pension liability was $12,240,367 and its fiduciary net position was $12,200,538, resulting in a net pension liability of $39,829 and a funded ratio of 99.7%. The total pension liability was determined from an actuarial valuation as of January 1, 2025, rolled forward to December 31, 2025, using a discount rate of 7.50%.

Under the Defined Contribution Plan, the Township contributes a fixed percentage of each participant's earnings, which was 7.0% for 2025 and may change from year to year; no participant contributions are required. Participants vest at 20% per year of service and are fully vested after five years. For the year ended December 31, 2025, the Township contributed $61,293 to the plan, which had 14 participants at year end.

Public Works

Union employees are in a Defined Benefit plan as set forth in their CBA. The administrative staff are in one of two plans for administration.

Police Department

The sworn officers are in a Defined Benefit plan as set forth in their CBA. The administrative staff are in one of two plans for administration.

The Police Pension Plan is a single-employer defined benefit plan established under Act 15 of 1974 that provides benefits under Act 600 and participates in the Pennsylvania Municipal Retirement System ("PMRS"), an agent multiple-employer public employee retirement system. Members are required to contribute 3% of compensation. As of January 1, 2024, plan membership consisted of 30 active members, 15 retirees and beneficiaries currently receiving benefits, and 3 inactive members entitled to but not yet receiving benefits. In accordance with Act 205, the Township's MMO to the plan for 2025 was $919,428. As of the plan's December 31, 2024 measurement date, the total pension liability was $20,411,223 and the fiduciary net position was $19,026,264, resulting in a net pension liability of $1,384,959 and a funded ratio of 93%.

All Township employees are eligible to participate in a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457.

Other Post-Employment Benefits (OPEB)

The Township sponsors a post-employment benefit plan, for the employee only, that provides health and dental benefits to qualified employees (hired prior to May 1, 2017) in administration and public works. In addition, under a voluntary early retirement policy, employees with at least 25 years of service who retire at age 62 qualify for three years of health insurance. There is no formal plan for this early retirement benefit and no assets have been set aside to cover future costs; accordingly, no liability has been reported in the Township's government-wide or enterprise fund financial statements.

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the Township with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the Township with its covenants contained in the Bond Ordinance and its representations in the Tax Compliance Certificate executed by the Township on the date of issuance of the Bonds relating to actions to be taken by the Township after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption "Exclusion of Interest from Gross Income" above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption "Pennsylvania" above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C hereto.

Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.

Other

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the Township and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

Cybersecurity

The Township, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Township may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Township's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The Township has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the Township's current efforts to manage cyber threats and security will, in all cases, be successful. The Township cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. The Township also maintains Cyber Liability insurance in addition to its commercial insurance package.

The Township relies on other entities and service providers in the course of operating the Township, including its accountants, attorneys, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the Township and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Undertaking (hereinafter defined).

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Township as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the Township, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See "TAX MATTERS" herein.

Climate

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Township cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The Township has not experienced increases in extreme weather events and believes it has adequate reserves to address severe weather disasters. The Township maintains a comprehensive insurance policy.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the Township (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will execute a written disclosure undertaking with respect to the Bonds. The form of Continuing Disclosure Agreement (the "Agreement") is attached hereto as Appendix D.

Under the terms of the Agreement, the Township will undertake to file with the Municipal Securities Rulemaking Board (the "MSRB") financial and other information concerning the Township (annual audited financial statements, annual budget, certain operating information and notice of certain events affecting the Township), all as set forth in Appendix D. The Township's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of the Bonds.

With respect to the filing of annual financial and operating information, the Township reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the Township or its operations or financial reporting, but the Township will agree that any such modification will be done in a manner consistent with the Rule.

The events listed in the Agreement are those specified in the Rule, not all of which may be relevant to the Bonds. The Township may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in the Agreement, but the Township does not commit to provide notice of the occurrence of any events except those specifically listed in the Agreement.

The Township acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the Township's continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the Township to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons"

with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at http://www.emma.msrb.org.

The Township has entered into continuing disclosure agreements in the past.

NO LITIGATION CERTIFICATE

Upon delivery of the Bonds, the Township shall furnish, or cause to be furnished, a certificate, in form satisfactory to Bond Counsel and the Underwriters, to the effect that, among other things, there is no litigation pending in any court against the Township, which, in any way, questions or affects the validity or the security mentioned herein of the Bonds, or any proceedings or transactions relating to their issuance, sale and delivery.

RATING

Moody's Ratings has assigned the Township an underlying rating of "Aaa" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated ("Stifel") and PNC Capital Markets LLC ("PNCCM") (together the "Underwriters"), have agreed to purchase the Bonds at a purchase price of $_____ (equal to the par value of the Bonds less an underwriters' discount of $_____, and plus/minus an original issue premium/(discount) of $_____). The Bond Purchase Agreement for the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased, and in accordance with its terms. The initial public offering price set forth on the inside cover page may be changed from time to time by the Underwriters and the Underwriters may allow a concession from the public offering price to certain dealers.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Township and to persons and entities with relationships with the Township, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Township (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Township.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Township.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of the PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association may have other banking and financial relationships with the Township.

PNC Capital Markets LLC may offer to sell to its affiliate, PNC Wealth Management LLC ("PNCWM"), securities in PNCCM's inventory for resale to PNCWM's customers, including securities such as those to be offered by the Township.

LEGAL OPINION

The Bonds are offered subject to the receipt of the legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the Township (see Appendix C – Form of Opinion of Bond Counsel). Other legal matters pertaining to the Township will be passed upon by Davison & McCarthy P.C., Allentown, Pennsylvania, Solicitor to the Township.

MUNICIPAL ADVISOR

The Township has retained PFM Financial Advisors LLC, Malvern, Pennsylvania, as Municipal Advisor (the "Municipal Advisor") in connection with the preparation, authorization, and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or

fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the Township by the Municipal Advisor to the Township. Concurrently with the delivery of the Bonds, the Township will furnish a certificate to the effect that nothing has come to the Township's attention that would lead the Township to believe that this Preliminary Official Statement, in final form, contains any untrue statements of a material fact or omits to state any information required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however that the Township will not warrant information noted in this Preliminary Official Statement as having been provided by third-party sources. Certain information contained in this Preliminary Official Statement has been obtained from sources other than the Township. All of the summaries and references of the provisions of the Bonds and the Bond Ordinance contained in this Preliminary Official Statement and all other summaries and references to the Debt Act and to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof, and do not constitute complete statements. For a complete statement of the provisions of the Bond Ordinance reference is made to the document in its entirety, a copy of which will be on file at the corporate trust office of the Paying Agent in Philadelphia, Pennsylvania, after delivery of the Bonds.

Use of the words “shall,” “will,” or must, or words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law contemplates or requires such event to occur or such obligations to be fulfilled.

This Preliminary Official Statement is not to be construed as a contract or agreement between the Township and the Underwriters or the purchasers or holders of any of the Bonds. Any statements made in this Preliminary Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in the Preliminary Official Statement that has been obtained from sources other than the Township is not guaranteed as to accuracy or completeness.

The Township has authorized the distribution of this Preliminary Official Statement.

TOWNSHIP OF UPPER MACUNGIE
Lehigh County, Pennsylvania

By: _____
Chairman, Board of Supervisors

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APPENDIX A
DEMOGRAPHIC AND ECONOMIC INFORMATION
RELATING TO THE TOWNSHIP OF UPPER MACUNGIE

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Introduction

The Township of Upper Macungie (the "Township") is a township of the second class governed by a Board of Township Supervisors of three elected members each serving six-year overlapping terms. The current form of government is supervisor controlled, with the Township Manager appointed by the Supervisors and serving at the will of the Supervisors. The Manager is responsible for implementing the policies and programs adopted by the Supervisors and for the daily operations of the Township.

The Township, established as a Second-Class Township in accordance with the Pennsylvania Second-Class Township Code, is located in the western portion of Lehigh County, Pennsylvania. The Township encompasses approximately 26.3 square miles and serves a population of approximately 26,377 residents at the 2020 Decennial Census. Upper Macungie shares its borders with other municipalities within Lehigh County such as Weisenberg Township, Lowhill Township, South Whitehall Township, and Lower Macungie Township. Located approximately twelve miles west of the City of Allentown, the Township is recognized as a predominantly suburban residential community with a balanced mix of residential, commercial, and industrial development, and continues to experience steady growth in both population and economic activity.

Population

The Table below shows recent population trends for the Township, Lehigh County (the "County"), and the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania").

TABLE A-1
POPULATION TRENDS

Geographic Area	2010	2020	Compound Average Annual Percentage Change
Upper Macungie Township	20,063	26,377	2.77%
Lehigh County	349,497	374,557	0.69%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Bureau of the Census, Decennial Census for 2010 and 2020.

The Table below shows the age composition and average number of persons per household in the Township, the County, and for the Commonwealth.

TABLE A-2
AGE COMPOSITION

Geographic Area	0-17 Years	18-64 Years	65+ Years	Persons Per Household
Upper Macungie Township.....	23.8	60.7	15.5	2.81
Lehigh County.....	21.3	58.9	19.8	2.56
Pennsylvania.....	19.7	58.9	21.4	2.39

Source: U.S. Census Bureau, American Community Survey 2020-2024 5-Year Estimates.

Income

The data on table below shows recent trends in median income for the Township, the County and Pennsylvania over the 2010-2020 period.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

Geographic Area	2010	2020	Compound Average Annual Percentage Change
Upper Macungie Township	$36,465	$48,103	2.81%
Lehigh County	25,933	34,629	2.93%
Pennsylvania	26,374	35,518	3.02%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. Township income is the population-weighted average for political subdivisions.

Source: U.S. Census Bureau – 2010 & 2020 American Community Survey 5-year estimates.

Employment

Overall Nonfarm Jobs, Industry Employment data for the Allentown-Bethlehem-Easton Labor Metropolitan Statistical Area ("MSA") an area which includes the Township.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
Allentown-Bethlehem-Easton Metropolitan Statistical Area
Carbon, Lehigh, and Northampton PA Counties; Warren County, NJ
NONFARM JOBS – NOT SEASONALLY ADJUSTED
(August 2026)

	Industry Employment				Net Change From:	
ESTABLISHMENT DATA	**Aug 2026**	**Jul 2026**	**Jun 2026**	**Aug 2025**	**Jul 2026**	**Aug 2025**
Total Nonfarm	405,700	405,000	408,400	400,600	700	5,100
Total Private	369,200	369,400	368,600	364,000	-200	5,200
Goods Producing	54,900	54,900	54,500	55,300	0	-400
Mining, Logging, & Construction	14,200	14,100	14,000	14,400	100	-200
Manufacturing	40,700	40,800	40,500	40,900	-100	-200
Durable Goods	24,100	24,100	23,900	24,100	0	0
Non-Durable Goods	16,600	16,700	16,600	16,800	-100	-200
SERVICE-PROVIDING	350,800	350,100	353,900	345,300	700	5,500
PRIVATE SERVICE-PROVIDING	314,300	314,500	314,100	308,700	-200	5,600
Trade, Transportation, and Utilities	88,200	87,900	87,700	88,700	300	-500
Wholesale trade	16,500	16,600	16,500	16,400	-100	100
Retail trade	38,400	38,400	38,500	38,300	0	100
Food and beverage stores	10,200	10,200	10,300	10,400	0	-200
General merchandise stores	7,000	6,900	7,000	7,100	100	-100
Transportation, Warehousing, and Utilities	33,300	32,900	32,700	34,000	400	-700
Transportation and Warehousing	32,200	31,800	31,500	32,800	400	-600
Information	5,800	5,900	5,900	6,200	-100	-400
Financial Activities	14,100	14,200	14,200	14,300	-100	-200
Finance and Insurance	10,600	10,700	10,700	10,600	-100	0
Professional and Business Services	55,900	56,000	55,500	54,100	-100	1,800
Professional and technical services	18,300	18,400	18,300	18,000	-100	300
Management of companies and enterprises	11,200	11,200	11,000	10,900	0	300
Administrative and waste services	26,400	26,400	26,200	25,200	0	1,200
Employment services	10,900	11,000	11,000	10,200	-100	700
Educational and Health Services	95,100	95,200	95,100	90,800	-100	4,300
Educational services	11,500	11,500	11,500	10,700	0	800
Health care and social assistance	83,600	83,700	83,600	80,100	-100	3,500
Hospitals	25,900	25,900	25,900	25,200	0	700
Leisure and Hospitality	40,600	40,600	40,900	39,800	0	800
Accommodation and food service	31,600	31,400	31,400	30,700	200	900
Other Services	14,600	14,700	14,800	14,800	-100	-200
Government	36,500	35,600	39,800	36,600	900	-100
Federal Government	2,400	2,400	2,400	2,400	0	0
State Government	2,400	2,500	2,400	2,600	-100	-200
Local Government	31,700	30,700	35,000	31,600	1,000	100
Local government educational services	18,500	17,300	21,500	18,400	1,200	100
Other Local Government	13,200	13,400	13,500	13,200	-200	0
Data benchmarked to March 2025	**Data changes of 100 may be due to rounding**					

Source: PA Department of Labor & Industry – Center for Workforce Information & Analysis – Workforce Information News Release.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

Geographic Area	2021	2022	2023	2024	2025	2026[1]	Compound Average Annual % Rate[2]
Lehigh County							
Civilian Labor Force	190,000	190,600	193,300	195,600	196,800	202,300	0.88%
Employment	177,600	182,400	185,400	187,700	187,800	195,100	1.41%
Unemployment	12,400	8,200	7,900	8,000	9,000	7,200	-7.70%
Unemployment Rate	6.5%	4.3%	4.1%	4.1%	4.6%	3.5%	
Pennsylvania							
Civilian Labor Force	6,439,000	6,479,000	6,559,000	6,572,000	6,542,000	6,659,000	0.40%
Employment	6,059,000	6,209,000	6,318,000	6,321,000	6,262,000	6,409,000	0.83%
Unemployment	380,000	270,000	241,000	251,000	280,000	250,000	-7.35%
Unemployment Rate	5.9%	4.2%	3.7%	3.8%	4.3%	3.7%	

[1] As of August 2026.
[2] Measured from 2021-2025.
Source: PA Department of Labor & Industry - Center for Workforce Information & Analysis.

The table below shows the major employers within Lehigh County:

Employer
Lehigh Valley Hospital Center
Saint Luke's Hospital
Lehigh Valley Physician Group
Saint Luke's Physician Group Inc
Amazon.com Services LLC
Mack Trucks Inc
Allentown School District
Lehigh County
Parkland School District
Air Products and Chemicals Inc

Source: PA Department of Labor & Industry Center for Workforce Information & Analysis.– 1st Quarter 2026.

Commercial Activity

The table below shows trends for estimated retail sales in the County, MSA, and the Commonwealth.

Geographic Area	2021	2022	2023	2024	2025
Lehigh County	$9,772,593,780	$10,486,442,645	$11,393,511,693	$11,284,984,982	$14,363,645,943
Allentown-Bethlehem-Easton MSA	17,378,462,893	18,613,723,724	20,359,980,666	20,008,253,245	25,515,029,759
Pennsylvania	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, Inc.

Industry

The great diversity of industrial activity can be seen in a partial list of products manufactured in this area: steel products, trucks, industrial equipment, food products, pet foods, electrical and mechanical equipment, electronic components, modular storage cabinets, storage systems, musical instruments, clothing and textiles, and chemical and mineral processing equipment. Also, an increasingly important service sector has been characterized by the rapid growth in computer service, software companies, and other firms which deal in information processing.

The stable industrial base, combined with the area's existing educational, research, and development facilities, has created an ideal environment for the development of advanced technology in all sectors of the local economy.

Medical Facilities

In the Lehigh Valley and immediate surrounding areas, there are multiple medical facilities available to the population. Many of the facilities are top rated and nationally recognized for high quality services.

Good Shepherd Rehabilitation Network

Good Shepherd Rehabilitation Network, a broadly recognized, not-for-profit rehabilitation leader with more than 70 locations in Pennsylvania and New Jersey, is committed to transforming lives through expertise, innovation and compassion. Good Shepherd provides an exceptional patient experience for all ages and stages by developing leading-edge solutions, often for complex medical situations; serving as a test site for the newest rehabilitation technologies. Headquartered in Allentown, Pennsylvania, Good Shepherd also partners with Penn Medicine to provide rehabilitation and specialty services in the greater Philadelphia area and New Jersey through Good Shepherd Penn Partners.

Source: http://www.goodshepherdrehab.org/

Lehigh Valley Health Network

Lehigh Valley Health Network continues to add new facilities, services and programs that now includes:

- Hospitals on nine campuses: Lehigh Valley Hospital – Cedar Crest in Salisbury Township, Lehigh Valley Hospital – 17th Street in Allentown, Lehigh Valley Health Network – Tilghman in Allentown, Lehigh Valley Hospital- Muhlenberg in Bethlehem, Lehigh Valley Hospital – Hecktown Oaks in Easton, Lehigh Valley Hospital – Hazleton in Luzerne County, Lehigh Valley Hospital – Pocono in Monroe County and Lehigh Valley Hospital – Schuylkill E. Norwegian Street, Lehigh Valley Hospital – Schuylkill S. Jackson Street, in Schuylkill County and Lehigh Valley Children's Hospital in Salisbury Township, the only Children's Hospital in the Lehigh Valley, including inpatient and ambulatory care, a Children's ER, more than 25 pediatric specialists and numerous child-specific services such as rehab and burn care
- Community health centers offering doctors' offices and lab and imaging services at convenient locations in Bangor, Bath, Bartonsville, Bethlehem Township, Blakeslee, East Stroudsburg, Easton, Emmaus, Fogelsville, Frackville, Hamburg, Kutztown, Macungie, Moselem Springs, Mountain Top, Palmer Township, Quakertown (in partnership with Grand View Hospital), Richland Township, Trexlertown and West End, as well as health & wellness centers which also include fitness facilities at Cedar Crest, Hazleton, and Muhlenberg.

Source: https://www.lvhn.org/

St. Luke's University Health Network

St. Luke's University Health Network (SLUHN) is a non-profit, regional, fully integrated, nationally recognized network providing services at 14 campuses and more than 300 sites, primarily in Lehigh, Northampton, Carbon, Schuylkill, Bucks, Montgomery, Berks, Monroe and Luzerne counties in Pennsylvania and in Warren and Hunterdon counties in New Jersey.

SLUHN consists of: St. Luke's University Hospital – Bethlehem, St. Luke's Allentown Campus, St. Luke's Sacred Heart (Allentown), St. Luke's Anderson Campus (Bethlehem Township), St. Luke's Miners Campus (Coaldale), St. Luke's Monroe Campus (Bartonsville), St. Luke's Quakertown Campus, St. Luke's Carbon Campus, St. Luke's Easton Campus, St. Luke's Lehighton Campus, Geisinger St. Luke's, St. Luke's Upper Bucks and Penn Foundation all in Pennsylvania, and St. Luke's Warren Campus in Phillipsburg, NJ.

Source: http://www.slhn.org/

Transportation

Township residents have major highways located in or close to the Township. U.S. Route 22 connects to Interstate 78, connecting the area to New Jersey and New York to the east and Harrisburg (the capital of Pennsylvania) to the west. In addition, the Pennsylvania Turnpike Northeast Extension (I-476) connects the Township to Philadelphia to the south and Scranton to the north. Bus service is provided by national and regional companies.

The Township is provided with air service out of the Lehigh Valley International Airport. In addition to air freight and air express service, air passenger transportation services are provided by major airlines.

Because of the vast network of transportation available to the Township residents, this area is becoming increasingly popular for those individuals wishing to commute to work to major East Coast business centers including the New York City and Philadelphia

metropolitan areas. In addition, the transportation systems available are well suited for receiving and distributing goods and services throughout the United States.

Communications

Lehigh County is served by daily and weekly newspapers, a commercial television station, and radio stations.

Educational Institutions

Area residents are provided with higher education facilities in addition to many business and technical schools which complement the colleges and universities in the area. The colleges and universities are listed below:

Cedar Crest College	Allentown
DeSales University	Center Valley
Lafayette College	Easton
Lehigh Carbon Community College	Schnecksville
Lehigh University	Bethlehem
Moravian University	Bethlehem
Muhlenberg College	Allentown
Northampton Community College	Bethlehem
Penn State Lehigh Valley	Center Valley
Kutztown University (Berks County)	Kutztown

Source: Eastern Pennsylvania Business Journal.

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APPENDIX B
Township Audited Financial Statement
Fiscal Year Ending December 31, 2025

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UPPER MACUNGIE TOWNSHIP

FINANCIAL REPORT

December 31, 2025

BUCKNO LISICKY & COMPANY

BUCKNOLISICKY.COM

A Professional Corporation

Certified Public Accountants | Business Consultants

UPPER MACUNGIE TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors of
Upper Macungie Township

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Upper Macungie Township (the Township), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above 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 the Township as of December 31, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 required supplementary information, as listed in the table of contents, 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
July 2, 2026

This discussion and analysis of Upper Macungie Township's (the Township) financial performance provides an overview of the Township's financial activities for the Year Ended December 31, 2025. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Please read it in conjunction with the Township's basic financial statements, as noted in the table of contents.

Financial Highlights

- Real estate property tax remained at 0.64 mills and the earned income tax rate shared with the Parkland School District remained at 1.0% for the Township in 2025.
- The assets of the Township exceeded its liabilities by $146,193,844 (net position).
- The Township's governmental activities total net position increased from 2024 by $681,778 or 0.72%.
- Business-type activities (Sewer and Refuse Funds) net positions increased by $1,980,709 or by 4.10%.
- Total current and other assets for both governmental and business-type activities increased by $29,447,868 or 18.70%. This increase in assets is represented by mostly capital assets.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities as described in the table of contents provide information about the activities of the Township as a whole and present a longer term view of the Township's finances. For governmental funds, fund financial statements explain how services were financed in the short-term as well as what remains for future spending. The Governmental and Proprietary Funds financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant 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 of the government.

Overview of the Financial Statements

The accompanying financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 and represent both entity-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

Entity-Wide Financial Statements

The first two statements are entity-wide financial statements, the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The entity-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources. All of the current year's revenues are accounted for in the

Statement of Activities regardless of when cash is received or paid.

The two entity-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, is one way to measure the Township's financial health or position. In the long run, increases or decreases in the Township's net position are an indication of whether its financial health is improving or deteriorating. To assess the overall health of the Township, consideration must be made for additional nonfinancial factors, such as changes in the Township's property tax base and the adequacy of Township services.

The entity-wide financial statements of the Township are divided into two categories:

- ***Governmental Activities*** - All the Township's basic services are included here, such as public safety, public works, parks and recreation and administration. Property taxes, state and federal grants and charges for services finance most of these activities.

- ***Business-Type Activities*** - The Township operates a Sewer Fund and charges fees to the customers of the utilities for operational expenses and tapping fees from new construction for capital related projects. The Township also operates a Refuse and Recycling Fund for which it contracts with a trash hauler to collect trash and co-mingled recycled items. These costs to the Township are passed on to residents in the form of a user fee.

Fund Level Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the entity-wide statements. The Governmental Funds statements tell how the Township's general services were financed in the short-term as well as what remains for future spending. Proprietary Funds statements offer short-term and long-term information about the activities that the Township operates like a business. Fiduciary Funds financial statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others.

- ***Governmental Funds*** - Most of the Township's activities are reported in Governmental Funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental Funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Funds statements provide a detailed short-term view of the Township's operations and the services it provides.

  Governmental Funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the Governmental Funds is reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The Township's Governmental Funds are the General Fund, Fire Alarm Fund, Stormwater Maintenance Fund, Highway Aid Fund, Open Space Preservation Fund, Capital Equipment Fund, Recreation Capital Fund and Traffic Improvement Fund.

- ***Proprietary Funds*** - These funds are used to account for Township activities that are

similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the Township charges customers for services it provides, whether to outside customers or to other units in the Township, these services generally are reported in the Proprietary Funds. The township now has two Proprietary Funds, which include the Sewer Fund and Refuse and Recycling Fund.

- ***Fiduciary Funds*** - The Township is the trustee, or fiduciary, for the Nonuniformed Employees' Pension Plan, and escrow funds. All the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations.

Entity-Wide Financial Analysis of the Township

The total net position for the Township's primary government activities, both governmental and business-type, was $146,193,844 on December 31, 2025. Governmental activities totaled $95,891,859 and business-type activities was $50,301,985. The overall increase in net position in 2025 was $2,662,487. Governmental activities increased $681,778 and business-type activities increased $1,980,709. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities.

Table 1 - Net Position
December 31, 2025 and 2024

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	$ 53,085,864	$ 59,081,566	$ 35,088,348	$ 32,903,159	$ 88,174,212	$ 91,984,725
Capital and related assets	81,170,304	47,466,823	17,586,619	18,031,719	98,756,923	65,498,542
TOTAL ASSETS	134,256,168	106,548,389	52,674,967	50,934,878	186,931,135	157,483,267
Deferred outflows of resources	1,546,042	1,129,210	91,396	220,835	1,637,438	1,350,045
LIABILITIES						
Long-term liabilities	28,482,576	2,790,710	5,996	255,434	28,488,572	3,046,144
Other liabilities	4,313,454	3,747,959	2,277,168	2,418,795	6,590,622	6,166,754
TOTAL LIABILITIES	32,796,030	6,538,669	2,283,164	2,674,229	35,079,194	9,212,898
Deferred inflows of resources	7,114,321	5,928,849	181,214	160,208	7,295,535	6,089,057
NET POSITION						
Net investment in capital assets	54,510,450	47,466,823	17,586,619	18,031,719	72,097,069	65,498,542
Restricted	29,015,199	2,941,626	-	-	29,015,199	2,941,626
Unrestricted	12,366,210	44,801,632	32,715,366	30,289,557	45,081,576	75,091,189
TOTAL NET POSITION	$ 95,891,859	$ 95,210,081	$ 50,301,985	$ 48,321,276	$146,193,844	$143,531,357

A more detailed view of net position of the Township finds that the largest portion is comprised of unrestricted net position. This amount of $45,081,576 or 30.8%, is the Township's net position other than land, buildings, vehicles, equipment and infrastructure, and restricted net position. The Township uses these assets to meet general expenses or to fund any other legitimate purpose of the Township.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues						
Charges for services	$ 2,778,990	$ 3,844,104	$13,222,001	$12,829,869	$ 16,000,991	$16,673,973
Operating grants and contributions	2,073,131	1,883,424	-	-	2,073,131	1,883,424
General revenues						
Taxes	15,890,279	14,533,215	-	-	15,890,279	14,533,215
Licenses and permits	20,503	12,576	-	-	20,503	12,576
Fines and forfeits	150,232	143,273	-	-	150,232	143,273
Federal and state revenue - unrestricted	670,343	770,904	200,000	-	870,343	770,904
Interests, rents and royalties	2,627,877	3,198,340	1,277,844	1,482,193	3,905,721	4,680,533
Miscellaneous income	787,389	387,177	286,159	187,489	1,073,548	574,666
Operating transfers	325,460	325,459	(325,460)	(325,459)	-	-
Gain on sale of capital assets	176,944	73,961	-	-	176,944	73,961
TOTAL REVENUES	25,501,148	25,172,433	14,660,544	14,174,092	40,161,692	39,346,525
EXPENSES						
General government	2,613,005	1,431,240	-	-	2,613,005	1,431,240
Public safety	14,065,269	16,414,708	-	-	14,065,269	16,414,708
Public works, highways and streets	5,443,050	5,167,090	-	-	5,443,050	5,167,090
Other public works enterprises	8,895	39,514	-	-	8,895	39,514
Culture and recreation	1,904,484	1,452,722	-	-	1,904,484	1,452,722
Bond issue costs	194,089	-			194,089	-
Other operating expenditures	244,359	490,301	-	-	244,359	490,301
Interest and other charges on long-term del	346,219				346,219	-
Sewer	-	-	9,639,082	10,202,702	9,639,082	10,202,702
Refuse	-	-	3,040,753	2,797,741	3,040,753	2,797,741
TOTAL EXPENSES	24,819,370	24,995,575	12,679,835	13,000,443	37,499,205	37,996,018
INCREASE IN NET POSITION	$ 681,778	$ 176,858	$ 1,980,709	$ 1,173,649	$ 2,662,487	$ 1,350,507

Governmental Activities

The costs of all governmental activities for 2025 was $24,819,370. As shown in the Statement of Activities, the amount the Township's taxpayers ultimately financed for these activities through Township taxes was $15,890,279, which is the sum of real estate, transfer, income and LST taxes. Other costs were paid by those who directly benefited from the programs in the amount of $2,778,990, or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions in the amount of $2,073,131. Other income totaling $4,758,748 is broken down as follows: Licenses and permits - $20,503; Fines and forfeits - $150,232; Federal and state revenues, unrestricted - $670,343; Rentals and interest earnings - $2,627,877; gain on sale of assets - $176,944; other revenue - $787,389; and transfers from proprietary funds - $325,460.

Revenue is divided into two major components: Program Revenue and General Revenue. Program revenue is defined as charges for services, operating grants and contributions and capital grants and contributions stemming from services provided by the Township. General revenue includes taxes, investment earnings, general intergovernmental revenue and contributions and other general revenue sources.

Total revenue for governmental activities in 2025, was $25,501,148. Charges for services, earned income taxes, real estate taxes, real estate transfer taxes and local services tax provide the majority of the source of revenue for governmental activities within the Township. As seen

on the previous page, these sources account for $18,669,269 or 73.21% of total revenues. Additionally, operating grants and contributions, nonprogram grants and contributions, licenses and permits, fines and forfeits, investment income, gain on sales of assets and other sources amount to $6,831,879 or 26.79%.

Comparative revenue totals for 2025 versus 2024 reflect an increase of $328,715 or 1.31%. Governmental revenue items necessitating an explanation are as follows:

- Real estate tax, a tax of 0.64 mils assessed on taxable properties both residential, commercial and industrial, increased $95,977 or by 3.2% compared to 2024.
- Earned income tax, which is collected from any employed Township resident at the rate of 1.0% of their wages and is divided equally between the Township and Parkland School District, increased by $119,584 or 1.41% compared to 2024.
- Real estate transfer taxes increased $1,032,847 or by 61.78% compared to 2024.
- Interest and rents decreased in 2025 to $2,627,877, or a $570,463 decrease from 2024.
- Operating grants and contributions increased in 2025, by $189,707 or 10.07%.

Total expenses for all governmental activities in 2025 totaled $24,819,370, which was less than 2024 expenses by $176,205.

- General government expenses increased by $1,181,765 from 2024 to $2,613,005 in 2025.
- Public safety expenses decreased by $2,349,439 in 2025. Department costs that are included in public safety expenses comprise of police, fire, code enforcement and zoning.
- Public works experienced an increase in expenses for 2025. Expenses for this department increased $275,960 from 2024.

Business-Type Activities

Total revenue in 2025 from the Township's business-type activities was $14,660,544 as compared to 2024, which totaled $14,174,092. Based on these numbers, revenue increased $486,451 from 2025 to 2024.

- Sewer revenues decreased by $58,421 from 2024. The decrease was mainly due to the decrease in investment revenue in the amount of $179,573.
- Refuse revenues increased by $544,872. The increase of refuse revenue was mainly due to the increase in refuse fees in the amount of $369,650.
- Total expenses in 2025 for Sewer and Refuse was $12,679,835 as compared to $13,000,443 in 2024, a $320,609 decrease.
- Sewer expenses decreased $563,621 in 2025, primarily as a result of treatment expense, which decreased $626,787 from the prior year.
- Refuse expenses increased $243,012 in 2025, primarily as a result of contracted services expense, which increased $293,008 from the prior year.

Financial Analysis of the Township's Funds

The Township's Governmental Funds reported combined ending balances of $45,734,295. The unassigned (deficit) balance totals $15,555,509, which represents funds available for spending at the Township's discretion. The remainder of the fund balances are segregated into three categories. Nonspendable, Restricted and Assigned.

Budget Comparison

Actual revenues for the year exceeded budgeted revenues by $2,545,097 and actual expenses for the year were more than budgeted by $1,903,624, resulting in a net positive difference of $641,473 before other financing sources and uses.

Capital Assets

Upper Macungie Township's investment in capital assets for both its governmental and business-type activities as of December 31, 2025 and 2024, totaled $98,756,923 and $65,498,542, respectively, (net of accumulated depreciation). Township investment in capital assets include land, buildings and improvements, infrastructure (roads, bridges, stormwater and sewer lines and traffic signals), machinery, equipment and vehicles. (See Table 3).

Table 3 - Capital Assets
December 31, 2025 and 2024

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 10,796,911	$ 9,400,396	$ -	$ -	$ 10,796,911	$ 9,400,396
Buildings	14,837,374	13,031,083	245,983	245,983	15,083,357	13,277,066
Improvements other than buildings	6,201,707	6,050,063	-	-	6,201,707	6,050,063
Infrastructure	43,815,577	43,318,120	26,717,351	26,347,774	70,532,928	69,665,894
Construction in progress	37,747,344	9,977,578	39,309	369,577	37,786,653	10,347,155
Machinery, equipment and vehicles and furniture	18,261,343	15,571,912	5,424,085	5,064,496	23,685,428	20,636,408
Total capital assets	131,660,256	97,349,152	32,426,728	32,027,830	164,086,984	129,376,982
Total accumulated depreciation	(50,489,952)	(49,882,329)	(14,840,109)	(13,996,111)	(65,330,061)	(63,878,440)
Capital assets, net	$ 81,170,304	$ 47,466,823	$ 17,586,619	$ 18,031,719	$ 98,756,923	$ 65,498,542

Future Outlook

Projections for near future development in the township, including both residential and commercial, follow below. As a barometer, residential homes sold in 2025 totaled 485 at an average selling price of $489,663.

There are currently 712 dwellings units, which are anticipated to be built in the coming years. 336 of them have been approved for construction, and 376 are in the planning process. There are currently sixteen non-residential land development projects in various stages of development, with eight under construction.

Additional revenue from these developments in the form of real estate taxes, earned income tax and realty transfer tax will continue to fund the townships projects and growth.

The Community Lifestyle Center will be open in August 2026 providing additional recreation facilities and amenities to township residents.

Financial Management

Upper Macungie Township's financial report is designed to provide its residents and taxpayers with a general overview of the Township's finances and to show the Board of Supervisor's accountability for the money it receives and spends. If you have any questions about this report or would like to request additional financial information, please contact Michelle Souls, Finance Director for the Township at 610-395-4892, ext. 143 or msouls@uppermac.org.

BASIC FINANCIAL STATEMENTS

UPPER MACUNGIE TOWNSHIP

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,110,298	$ 7,383,390	$ 9,493,688
Investments	42,533,826	27,435,099	69,968,925
Taxes receivable	2,176,431	-	2,176,431
Accounts receivable	546,993	2,415,336	2,962,329
Internal balances	2,192,207	(2,192,207)	-
Prepaid expense	163,327	46,730	210,057
Lease receivables	3,362,782	-	3,362,782
Capital assets, net	81,170,304	17,586,619	98,756,923
TOTAL ASSETS	**134,256,168**	**52,674,967**	**186,931,135**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, pension (non-uniform)	515,669	91,396	607,065
Deferred outflows, pension (PMRS police)	1,030,373	-	1,030,373
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**1,546,042**	**91,396**	**1,637,438**
LIABILITIES			
Accounts payable and other current liabilities	3,420,141	2,277,168	5,697,309
Unearned revenues	517,768	-	517,768
Accrued interest payable	375,545	-	375,545
Compensated absences	403,930	-	403,930
Net pension liability, (non-uniform)	33,833	5,996	39,829
Net pension liability, (PMRS police)	1,384,959	-	1,384,959
Long-term liabilities:			
Due within one year	75,383	-	75,383
Due in more than one year	26,584,471	-	26,584,471
TOTAL LIABILITIES	**32,796,030**	**2,283,164**	**35,079,194**
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, pension (non-uniform)	1,022,453	181,214	1,203,667
Deferred inflows, pension (PMRS police)	2,729,086	-	2,729,086
Deferred inflows, leases	3,362,782	-	3,362,782
TOTAL DEFERRED INFLOWS OF RESOURCES	**7,114,321**	**181,214**	**7,295,535**
NET POSITION			
Net investment in capital assets	54,510,450	17,586,619	72,097,069
Restricted	29,015,199	-	29,015,199
Unrestricted	12,366,210	32,715,366	45,081,576
TOTAL NET POSITION	**$ 95,891,859**	**$ 50,301,985**	**$ 146,193,844**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Activities

For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES						
General government	$ 2,613,005	$ 54,700	$ -	$ (2,558,305)	$ -	$ (2,558,305)
Public safety	14,065,269	1,748,086	1,000,766	(11,316,417)	-	(11,316,417)
Public works, highways and streets	5,443,050	76,459	1,055,765	(4,310,826)	-	(4,310,826)
Other public works enterprises	8,895	-	-	(8,895)	-	(8,895)
Culture and recreation	1,904,484	899,745	16,600	(988,139)	-	(988,139)
Bond issuance costs	194,089	-	-	(194,089)	-	(194,089)
Other operating expenditures	244,359	-	-	(244,359)	-	(244,359)
Interest and other charges on long-term debt	346,219	-	-	(346,219)	-	(346,219)
TOTAL GOVERNMENTAL ACTIVITIES	24,819,370	2,778,990	2,073,131	(19,967,249)	-	(19,967,249)
BUSINESS-TYPE ACTIVITIES						
Sewer	9,639,082	10,186,189	-	-	547,107	547,107
Refuse	3,040,753	3,035,812	-	-	(4,941)	(4,941)
TOTAL BUSINESS-TYPE ACTIVITIES	12,679,835	13,222,001	-	-	542,166	542,166
TOTAL	$ 37,499,205	$ 16,000,991	$ 2,073,131	(19,967,249)	542,166	(19,425,083)
General Revenues:						
Taxes				15,890,279	-	15,890,279
Licenses and permits				20,503	-	20,503
Fines and forfeits				150,232	-	150,232
Federal and state revenue - unrestricted				670,343	200,000	870,343
Interest, rents and royalties				2,627,877	1,277,844	3,905,721
Miscellaneous income				787,389	286,159	1,073,548
Operating transfers				325,460	(325,460)	-
Gain on sale of capital assets				176,944	-	176,944
				20,649,027	1,438,543	22,087,570
INCREASE IN NET POSITION				**681,778**	**1,980,709**	**2,662,487**
NET POSITION, BEGINNING				95,210,081	48,321,276	143,531,357
NET POSITION, ENDING				**$ 95,891,859**	**$ 50,301,985**	**$ 146,193,844**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Capital Equipment Fund	Recreation Capital Fund	Traffic Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,584,470	$ 96,451	$ 302,689	$ 62,786	$ 63,902	$ 2,110,298
Investments	34,047,575	2,322,750	146,867	2,861,439	3,155,195	42,533,826
Taxes receivable	2,176,431	-	-	-	-	2,176,431
Accounts receivable	503,247	-	387	-	43,359	546,993
Due from other funds	43,769,438	12,923	2,298	-	26,837	43,811,496
Prepaid expenses	163,327	-	-	-	-	163,327
Lease receivable	3,362,782	-	-	-	-	3,362,782
TOTAL ASSETS	**$ 85,607,270**	**$ 2,432,124**	**$ 452,241**	**$ 2,924,225**	**$ 3,289,293**	**$ 94,705,153**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and other current liabilities	$ 684,824	$ 510,747	$ 1,536,211	$ 7,161	$ -	$ 2,738,943
Unearned revenues	517,768	-	-		-	517,768
Due to other funds	6,164,915	5,924,549	26,943,199	2,387,816	880,008	42,300,487
TOTAL LIABILITIES	7,367,507	6,435,296	28,479,410	2,394,977	880,008	45,557,198
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	50,878	-	-	-	-	50,878
Deferred leases	3,362,782	-	-	-	-	3,362,782
TOTAL DEFERRED INFLOWS OF RESOURCES	3,413,660	-	-	-	-	3,413,660
FUND BALANCES						
Nonspendable	163,327	-	-		-	163,327
Restricted for:						
Road and street improvements	-	-	-	529,248	2,189,069	2,718,317
Recreation activities	26,296,882	-	-	-	-	26,296,882
Assigned to:						
Open space preservation	-	-	-	-	1,000,260	1,000,260
Unassigned (deficit)	48,365,894	(4,003,172)	(28,027,169)	-	(780,044)	15,555,509
TOTAL FUND BALANCES	74,826,103	(4,003,172)	(28,027,169)	529,248	2,409,285	45,734,295
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 85,607,270**	**$ 2,432,124**	**$ 452,241**	**$ 2,924,225**	**$ 3,289,293**	**$ 94,705,153**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		**$ 45,734,295**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets and the accumulated depreciation are as follows:		
Cost of assets	$ 131,660,256	
Accumulated deprecation	(50,489,952)	
		81,170,304
Property taxes receivable recognized this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		50,878
Deferred inflows and outflows of resources related to pensions are not not reported in governmental funds		
Deferred Outflows Related to Pensions - Non-uniform		515,669
Deferred Inflows Related to Pensions - Non-uniform		(1,022,453)
Deferred Outflows Related to Pensions - PMRS Police		1,030,373
Deferred Inflows Related to Pensions - PMRS Police		(2,729,086)
Net pension liabilities are not recorded as an liability in the governmental funds; however, these item are reported as a liability in the government-wide financial statements		
Net pension liability - Police	(1,384,959)	
Net pension liability - Non-uniform	(33,833)	
		(1,418,792)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.		(375,545)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		
Bonds payable	25,000,000	
Deferred bond issue premium	1,659,854	
Compensated absences	403,930	
		(27,063,784)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		**$ 95,891,859**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Capital Equipment Fund	Recreation Capital Fund	Traffic Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 15,884,681	$ -	$ -	-	$ -	$ 15,884,681
Licenses and permits	20,503	-	-	-	-	20,503
Fines and forfeits	150,232	-	-		-	150,232
Interest, rents and royalties	2,162,735	140,169	56,281	121,740	146,952	2,627,877
Intergovernmental	1,671,110	-	16,600	147,000	908,765	2,743,475
Charges for services	2,108,242	-	500,072	76,459	94,217	2,778,990
Miscellaneous	26,733	-	267,300	-	-	294,033
TOTAL REVENUE	22,024,236	140,169	840,253	345,199	1,149,934	24,499,791
EXPENDITURES						
General government	2,563,354	9,991	-	-	-	2,573,345
Public safety	12,553,851	4,623,024	-	-	343,652	17,520,527
Public works, highways and streets	3,448,253	628,221	-	368,924	660,576	5,105,974
Other public works enterprises	-	-	-	-	8,895	8,895
Culture and recreation	2,975,411	-	29,419,360	-	-	32,394,771
Debt service	194,089	-	-	-	-	194,089
Other operating expenditures	342,865	-	-	-	-	342,865
TOTAL EXPENDITURES	22,077,823	5,261,236	29,419,360	368,924	1,013,123	58,140,466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(53,587)	(5,121,067)	(28,579,107)	(23,725)	136,811	(33,640,675)
OTHER FINANCING SOURCES/(USES)						
Operating transfers in	325,460	1,115,556	-		-	1,441,016
Operating transfers out	(1,115,556)	-	-		-	(1,115,556)
Proceeds from sale of capital assets	-	199,550	-	-	-	199,550
Proceeds from bonds	25,000,000	-	-	-	-	25,000,000
Bond premiums	1,689,180	-	-	-	-	1,689,180
Refund of prior year expenditures	493,354	-	-	-	-	493,354
TOTAL OTHER FINANCING SOURCES/(USES)	26,392,438	1,315,106	-	-	-	27,707,544
NET CHANGE IN FUND BALANCE	**26,338,851**	**(3,805,961)**	**(28,579,107)**	**(23,725)**	**136,811**	**(5,933,131)**
FUND BALANCE, beginning	48,487,252	(197,211)	551,938	552,973	2,272,474	51,667,426
FUND BALANCE, ending	**$ 74,826,103**	**$ (4,003,172)**	**$ (28,027,169)**	**$ 529,248**	**$ 2,409,285**	**$ 45,734,295**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities
For the Year Ended December 31, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		**$ (5,933,131)**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.		
Depreciation expense	$ (2,720,321)	
Disposals, net	(22,606)	
Capital outlays	36,446,408	
		33,703,481
Because some taxes and subsidies will not be collected for several months after after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. These taxes and subsidies increased by this amount this year.		5,599
Proceeds of long-term liabilities are revenues in the governmental funds, but the receipt increases long-term liabilities in the statement of net position.		(25,000,000)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		353
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities		
Current year bond premiums	(1,689,180)	
Amortization of bond premiums	29,326	
		(1,659,854)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(375,545)
The difference between current year pension expense reported on the government activities column of the government-wide financial statements and the pension contributions made this past year reported as expenditures in the governmental funds.		
Non-uniform pension	318,966	
PMRS police pension	(378,091)	
		(59,125)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ 681,778**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Net Position
Proprietary Funds
December 31, 2025

	Sewer Fund	Refuse Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 6,488,396	$ 894,994	$ 7,383,390
Investments	24,572,447	2,862,652	27,435,099
Accounts receivable, net	1,984,258	431,078	2,415,336
Prepaid expenses	28,037	18,693	46,730
Due from other funds	69,300	-	69,300
TOTAL CURRENT ASSETS	33,142,438	4,207,417	37,349,855
CAPITAL ASSETS			
Utility system	26,717,351	-	26,717,351
Construction in progress	39,309	-	39,309
Buildings	-	245,983	245,983
Equipment and furniture	3,777,254	1,646,831	5,424,085
	30,533,914	1,892,814	32,426,728
Less: accumulated depreciation	(13,958,076)	(882,033)	(14,840,109)
TOTAL CAPITAL ASSETS, NET	16,575,838	1,010,781	17,586,619
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension	89,275	2,121	91,396
TOTAL ASSETS	**49,807,551**	**5,220,319**	**55,027,870**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	2,036,104	241,064	2,277,168
Due to other funds	566,825	1,694,682	2,261,507
TOTAL CURRENT LIABILITIES	2,602,929	1,935,746	4,538,675
NONCURRENT LIABILITIES			
Net pension liability	5,857	139	5,996
TOTAL NONCURRENT LIABILITIES	5,857	139	5,996

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Net Position
Proprietary Funds
December 31, 2025

	Sewer Fund	Refuse Fund	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension	177,010	4,204	181,214
TOTAL LIABILITIES	**2,785,796**	**1,940,089**	**4,725,885**
NET POSITION			
Investment in capital assets	16,575,838	1,010,781	17,586,619
Unrestricted	30,445,917	2,269,449	32,715,366
TOTAL NET POSITION	**$ 47,021,755**	**$ 3,280,230**	**$ 50,301,985**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Sewer Fund	Refuse Fund	Total
OPERATING REVENUES			
Charges for services	$ 10,185,315	$ 3,035,812	$ 13,221,127
Other operating revenue	874	-	874
TOTAL OPERATING REVENUE	10,186,189	3,035,812	13,222,001
OPERATING EXPENSES			
Administration	151,916	34,336	186,252
Salaries and wages	412,416	145,294	557,710
Employee benefits	334,731	(1,871)	332,860
Treatment expenses	7,392,267	-	7,392,267
Depreciation	701,272	142,726	843,998
Contracted services	119,948	2,511,495	2,631,443
Fuel and utilities	74,935	29,845	104,780
Repairs and maintenance	403,538	16,193	419,731
Insurance expense	39,646	79,884	119,530
Supplies expense	8,413	82,851	91,264
TOTAL OPERATING EXPENSES	9,639,082	3,040,753	12,679,835
OPERATING INCOME (LOSS)	**547,107**	**(4,941)**	**542,166**
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,148,311	129,533	1,277,844
Tapping fees	286,159	-	286,159
Capital grants	-	200,000	200,000
TOTAL NONOPERATING REVENUES (EXPENSES)	1,434,470	329,533	1,764,003
INCOME BEFORE TRANSFERS	1,981,577	324,592	2,306,169
OPERATING TRANSFERS OUT	(171,845)	(153,615)	(325,460)
CHANGE IN NET POSITION	**1,809,732**	**170,977**	**1,980,709**
NET POSITION, beginning	45,212,023	3,109,253	48,321,276
NET POSITION, ending	**$ 47,021,755**	**$ 3,280,230**	**$ 50,301,985**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Sewer Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 10,294,213	$ 3,028,555	$ 13,322,768
Payments to employees	(747,147)	(143,423)	(890,570)
Payments to suppliers	(7,991,513)	(2,088,500)	(10,080,013)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,555,553	796,632	2,352,185
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(257,658)	(141,240)	(398,898)
Tapping fees	286,159	-	286,159
Capital grants	-	200,000	200,000
Transfer (to) from other funds	(171,845)	(153,615)	(325,460)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(143,344)	(94,855)	(238,199)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(120,872)	(120,872)
Proceeds from sale of investments	1,200,738	-	1,200,738
Earnings on investments	1,148,311	129,533	1,277,844
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,349,049	8,661	2,357,710
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,761,258**	**710,438**	**4,471,696**
CASH AND CASH EQUIVALENTS			
Beginning	2,727,138	184,556	2,911,694
Ending	**$ 6,488,396**	**$ 894,994**	**$ 7,383,390**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Sewer Fund	Refuse Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	$ 547,107	$ (4,941)	$ 542,166
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	701,272	142,726	843,998
(Increase) decrease in assets:			
Accounts receivable	108,024	(7,257)	100,767
Prepaid expenses	26,227	9,020	35,247
Deferred outflows of resources, pension	107,614	21,825	129,439
Increase (decrease) in liabilities:			
Accounts payable and other liabilities	(171,203)	29,576	(141,627)
Due to other funds	424,216	646,411	1,070,627
Net pension liability	(221,879)	(27,559)	(249,438)
Deferred inflows of resources, pension	34,175	(13,169)	21,006
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,555,553	$ 796,632	$ 2,352,185

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Nonuniformed Pension Trust Fund	Escrow Fund	Total
ASSETS			
Cash and cash equivalents	$ -	$ 2,475,436	$ 2,475,436
Investments	12,190,667	-	12,190,667
Accrued interest receivable	5,960	-	5,960
Due from other funds	-	681,198	681,198
TOTAL ASSETS	**$ 12,196,627**	**$ 3,156,634**	**$ 15,353,261**
LIABILITIES AND NET POSITION			
LIABILITIES			
Payable from restricted assets:			
Escrow deposits	$ -	$ 3,156,634	$ 3,156,634
TOTAL LIABILITIES	**-**	**3,156,634**	**3,156,634**
NET POSITION			
Restricted for pension payments	12,196,627	-	12,196,627
TOTAL NET POSITION	**$ 12,196,627**	**$ -**	**$ 12,196,627**

See Notes to Financial Statements.

UPPER MACUNGIE TOWNSHIP

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2025

	Nonuniformed Pension Trust Fund	Escrow Fund	Total
Contributions:			
Employer contributions	$ 948,049	$ -	$ 948,049
Escrow deposits	-	1,698,098	1,698,098
	948,049	1,698,098	2,646,147
Investment income:			
Net increase in fair value of investments	1,162,939	-	1,162,939
Interest and dividends	289,301	-	289,301
Investment activity expense	(61,847)	-	(61,847)
	1,390,393	-	1,390,393
TOTAL ADDITIONS	2,338,442	1,698,098	4,036,540
DEDUCTIONS			
Benefits	540,926	-	540,926
Escrow payments	-	1,698,098	1,698,098
TOTAL DEDUCTIONS	540,926	1,698,098	2,239,024
CHANGE IN NET POSITION	**1,797,516**	**-**	**1,797,516**
NET POSITION, beginning	10,399,111	-	10,399,111
NET POSITION, ending	**$ 12,196,627**	**$ -**	**$ 12,196,627**

See Notes to Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Macungie Township (the Township), located in Pennsylvania, complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. The Township operates under the Second Class Township Code, providing services as authorized by the code: Public Safety (Police and Fire), Highway and Streets, Sanitation, Health and Social Services, Recreation, Public Improvements, Planning and Zoning and General Administrative Services.

Financial Reporting Entity

Financial accountability is defined in GASB Statement No. 61, *The Financial Reporting Entity*: *Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township also may be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

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

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities such as Pension Trust and Escrow Funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under Proprietary Funds below. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements of Governmental Funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program, and therefore, clearly identifiable to a particular function. 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 function. Revenues, which are not classified as program revenues, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Internal activity is limited to interfund transfers, which are eliminated to avoid doubling up revenues and expenses. Net position is 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 position restricted for other purposes results from Special Revenue and Capital Project Funds and the restrictions on their net position use. In the General fund, there is a restriction for bonds proceeds that are to be used for recreation purposes.

Governmental Funds

All Governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major Governmental Funds of the Township include the General Fund, Capital Equipment Fund, Traffic Improvement Fund and Recreation Capital Fund. Non-Major funds include the Storm Water Maintenance Fund, Fire Alarm Fund, Highway Aid Fund, Open Space Preservation Fund and the Traffic Improvement Fund.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

Property tax and earned income tax receivables collected after 60 days from year-end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property and earned income tax receivables are recorded and deferred until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenues when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of Governmental Funds accounting relates to decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Compensated absences are recognized in Governmental Funds to the extent they would normally be paid with expendable available financial resources, rather than the full liability. Allocations of costs, such as depreciation and amortization, are not recognized in the Governmental Funds.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized using a systematic and rational method over the life of the bonds. Issuance costs, with the exception of bond insurance, are expensed as incurred. Bond insurance is capitalized as prepaid expense and amortized over the life of the related bond issue.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while premiums and discounts on debt issuances are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of Governmental and Enterprise Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Each major governmental fund is presented in a single column on the Governmental Fund financial statements.

The Township reports the following major Governmental Funds:

- The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). The Township’s major capital projects funds include the following:

    - The *Recreation Capital Fund* is used to account for financial resources to be used for the acquisition of capital equipment and improvements related to the Township's ten parks.

- The *Capital Equipment Fund* is used to set aside monies to purchase various capital items for each department in the General Fund.

- The *Traffic Improvement Fund* is used to account for revenue from various escrow accounts that have been partially funded by both developers and through state grants for traffic improvements.

The Township reports the following other nonmajor governmental funds:

- The *Special Revenue Funds* are used to account for the proceeds of specific revenue (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes provided these revenue sources provide a “substantial” amount (defined as 50% or more) of the funding accounted for in the special revenue fund. The Township’s special revenue funds included as other nonmajor governmental funds includes the following:

    - The *Fire Alarm Fund* is used to provide funding of firefighter's gratuity which is annually distributed to the Township's three volunteer fire companies.

    - The *Highway Aid Fund* is used for revenues from the State’s highway aid. Expenditures may only be spent for specific purposes related to the highway maintenance and construction.

    - The *Stormwater Maintenance Fund* is used account for the revenue and costs associated with run-off stormwater mandates as promulgated under the Federal and Commonwealth Departments of Environment Protection.

    - The *Open Space Preservation Fund* is used to account for funds set aside for the acquisition and preservation of open space within the Township

Proprietary Funds

Proprietary Funds are accounted for using the accrual basis of accounting. These funds account for operations financed primarily by user charges. The economic resource focus concerns determining costs as a means of maintaining capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in the Proprietary Funds.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' principal ongoing operations. Operating expenses for the Township's Proprietary Funds include sewer disposal, refuse and recycling collection and disposal, salaries, supplies and administrative costs and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following Proprietary Funds:

- The *Sewer Fund* accumulates resources necessary for the operation of the sewage collection system.

- The *Refuse Fund* accumulates resources necessary for the collection and disposal of refuse and recycling within the Township.

Fiduciary Funds

Trust and Custodial Funds

Fiduciary Funds financial statements are presented by fund type. Trust and Custodial Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The Township reports the following Trust and Custodial funds:

- The *Pension Trust Fund* is used to account for financial resources restricted for retirement benefits of the nonuniformed employees participating under the Township's defined benefit pension plan. The Pension Trust Fund uses the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due in accordance with Act 205, as amended. Benefits are recognized when due and payable in accordance with the terms of the plan.

- The *Escrow Fund* is a custodial fund and is used to account for financial resources held by the Township on a purely custodial basis. Assets in the Escrow Fund equal liabilities.

Budgets and Budgetary Accounting

The Township is required by state law to adopt annual budgets for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.

- A meeting of the Township Board of Supervisors is then called for the purpose of adopting the proposed budget.

- Prior to December 31, the budget is legally enacted through passage of a resolution by the Township Board of Supervisors.

- The budget must be filed with the Pennsylvania Department of Community and Economic Development by January 31.

Once a budget is approved, it can be amended at the function and fund level only by approval

of a majority of the members of Township Board of Supervisors. Amendments are presented to Township Board of Supervisors at its regular meetings. Each amendment must have Township Board of Supervisors approval. Such amendments are made before the fact, are reflected in the official minutes of the Township Board of Supervisors and are not made after year-end as dictated by law.

The budget is controlled by the finance officer at the revenues and expenditures function/object level. Budgeted amounts are as amended by Township Board of Supervisors. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

With the exception of Pension Trust Funds, statutes authorize the Township to invest in: (1) obligations, participations and other instruments of any Federal agency, (2) repurchase agreements with respect to U.S. Treasury bills or obligations, (3) negotiable certificates of deposit, (4) bankers' acceptances, (5) commercial paper, (6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and (7) certificates of deposit of banks, savings and loans and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository under PA Act 72. Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the FDIC. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at December 31, 2025, was in excess of the minimum requirements just described.

The Township has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* No. 72*, Fair Value Measurement and Application* and No. 79 *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument or financial transaction if determined by the government to be prudent. Investments for the Township’s Pension Trust Fund are reported at fair value.

Allowance for Doubtful Accounts, Proprietary Funds

The Township has established an allowance for doubtful accounts for sewer and refuse lien receivables. The Township considers all lien receivables prior to 2021 to be uncollectable. As of December 31, 2025, the Township has established allowance for doubtful accounts in the sewer and refuse fund in the amount of $157,636 and $173,826, respectively.

Transactions Between Funds

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as internal balances.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial individual cost equal to or greater than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	15-40
Infrastructure	20-50
Vehicles	5-7
Machinery and equipment	5-30

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section

for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions, the net difference between projected and actual earnings on pension plan investments, the differences between expected and actual experience of the pension plan, and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. The deferred inflow of resources related to pensions is the result of changes in plan assumptions, the net difference between projected and actual earnings on pension plan investments, and the differences between expected and actual experience of the pension plan. The item, unavailable revenue, which arises only under a modified accrual basis of accounting, is also reported in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan and changes in plan assumptions. In addition, the deferred inflows of resources related to lease receivables is reported in the Governmental Funds balance sheet and the government-wide statement of net position and is the result of the adoption of GASB Statement No. 87, Leases.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances/Net Position

This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances** - Amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

- **Restricted Fund Balances** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government)

through constitutional provisions or by enabling legislation.

- **Committed Fund Balances** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Township Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

- **Assigned Fund Balances** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by Township Board of Supervisors or by an official or body to which the Township Board of Supervisors delegates the authority. The Board has not delegated the authority to assign fund balances as of December 31, 2025.

- **Unassigned Fund Balances** - Amounts available for any purpose. Positive unassigned fund balance amounts are reported only in the General Fund.

The Township Board of Supervisors establishes (modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balances are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Deficit Fund Balances - The Capital Equipment Fund, Recreation Capital Fund, Fire Alarm Fund and the Stormwater Maintenance Fund have a net deficit balance at December 31, 2025 and results from the Township not funding 100% of the operating deficit of the fund in the current or past years. The deficit in the Recreation Capital Fund will be funded by bond proceeds in the General Fund. The deficit funds in the other funds will be funded in the future by operating subsidy payments.

Restricted Net Position

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed. Administrative expenses are paid with the use of unrestricted resources.

Leases

Under GASB Statement No. 87, the Township is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township’s lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the

term of the lease.

NOTE 2. TAXES

For 2025, tax was levied on the assessed value of real estate at a total of 0.64000 mills.

The taxable assessed valuation of property as of January 1, 2025 was $4,777,661,000.

The real estate tax collection calendar is as follows:

Initial billing	April 1
Discount period	April 1 to May 31
Face period	June 1 to July 1
Penalty period	August 1 and thereafter
Lien date	January 31

Other taxes levied in 2025 are as follows:

Real estate transfer tax	1% of sales price
Earned income tax	1% of earned income (.5% for township & .5% for school district)
LST tax	$52 per person ($47 for the township & $5 for school district)

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk on deposits. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At December 31, 2025, the carrying amount of the Township's deposits was $11,969,123 and the bank balances were $16,508,590. Of the bank balances, $750,000 was covered by federal depository insurance, $15,758,590 was collateralized under Act 72.

Investments

The Township holds excess operating cash in investment portfolios structured to secure adequate ongoing operating funds while optimizing earnings and minimizing risk on funds earmarked for long-term purposes.

The overall investment objective is to preserve principal cash balances, maintain appropriate liquidity for current use and conservatively optimize earnings on excess cash.

As of December 31, 2025, the Township had the following investments and maturities:

	Investment Maturities (in Years)			
Investment Type	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 years
PSDLAF:				
MAX account	$ 3,575	$ -	$ -	$ -
GTS account	24,458,052	-	-	-
Term Series II	21,500,000	-	-	-
PLGIT:				
Class	11	-	-	-
Prime	15,432,110	-	-	-
Truist Bank:				
Short-term Investment Fund	558,589	-	-	-
US Treasury Notes	1,336,982	6,679,608	-	-
Principal Custody Solutions				
Money Market	863,700	-	-	-
Mutual Funds - Equities	7,765,551	-	-	-
Mutual Funds - Fixed Income	3,561,417	-	-	-
	$ 75,479,987	$ 6,679,608	$ -	$ -

The investments were reported in the following funds:

Governmental Activities:	
General Fund	$ 34,047,575
Special Revenue Funds	3,155,196
Capital Project Funds	5,331,057
	42,533,828
Enterprise Funds:	
Sewer Fund	24,572,447
Refuse Fund	2,862,652
	27,435,099
Fiduciary Funds:	
Police Pension Trust Fund	12,190,667
	12,190,667
Total	$ 82,159,595

A portion of the Township's investments is in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF), both of which are funds similar to mutual funds in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. Investments in these funds are valued at amortized cost, which approximates fair value.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. Participants purchase shares in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provide by law is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an AAAm rating from Standard and Poor's, an independent credit rating agency. The Township considers its deposits with PLGIT to be short-term investments for financial reporting purposes.

PSDLAF is a fund created specifically to assist local governments in the Commonwealth of Pennsylvania to help manage their investment needs. The fund provides local governments multiple investment programs, in accordance with the provisions of the Pennsylvania Intergovernmental Cooperation Act and Section 521 of the Pennsylvania Public School Code of 1949, as amended. Additionally, PSDLAF has maintained Standard and Poor's highest credit rating of AAAm since the foundation of the fund.

GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2025, is $61,393,749. These assets, excluding the PSDLAF Term Series II investments, maintain a stable net asset value of $1 per share. PSDLAF and PLGIT are not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to independent audit on an annual basis.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy prioritizes the inputs valuation methods into three levels (Levels 1, 2 and 3).

Level 1 - Observable, quoted prices for identical assets or liabilities in active markets.

Level 2 - Quoted prices in inactive markets, whose values are based on models, but the inputs to those models are observable either directly or indirectly for the whole term of the asset or liability.

Level 3 - Valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs (Level 3). If the fair value of an asset or liability (Level 1) measured are categorized from different levels of the fair value hierarchy, the measurement is categorized in the lowest level input that is significant to the entire measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

All of the following were classified in Level 1 of the hierarchy as they are valued using prices quoted in active markets: U.S. Treasury notes, Truist Bank Short-Term Investment Fund and investments in money market and mutual funds.

No investments were classified as Level 2 or 3 as of December 31, 2025.

The following tables summarize the Township's investments measured by the hierarchy levels as of December 31, 2025:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
PSDLAF:				
MAX account	$ 3,575	$ 3,575	$ -	$ -
GTS account	24,458,052	24,458,052	-	-
Term Series II	21,500,000	21,500,000	-	-
PLGIT:				
Class	11	11	-	-
Prime	15,432,110	15,432,110	-	-
Truist Bank:				
Short-term Investment Fund	558,589	558,589	-	-
US Treasury Notes	8,016,590	8,016,590	-	-
Principal Custody Solutions				
Money Market	863,700	863,700		
Mutual Funds - Equities	7,765,551	7,765,551		
Mutual Funds - Fixed Income	3,561,417	3,561,417	-	-
	$ 82,159,595	$ 82,159,595	$ -	$ -

The Township's Nonuniformed Employees' Pension Plan consisted entirely of Level 1 mutual funds as of December 31, 2025.

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities

as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Township's investment policy does not further limit its investment choices.

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The balance of short-term interfund receivables and payables at December 31, 2025 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 43,769,438	$ 6,164,915
Special Revenue Funds:		
Stormwater Maintenance Fund	-	36,133
Fire Alarm Fund	-	843,875
Highway Aid Fund	26,837	-
Capital Project Fund:		
Capital Equipment Fund	12,923	5,924,549
Traffic Improvement Fund	-	2,387,816
Recreation Capital Fund	2,298	26,943,199
Enterprise Funds:		
Sewer Fund	69,300	566,825
Refuse Fund	-	1,694,682
Fiduciary Funds:		
Escrow Fund	681,198	-
Total	$ 44,561,994	$ 44,561,994

Interfund balances between the General and other funds arise when expenses are paid from the General Fund and are not reimbursed from the other funds prior to year-end.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts to pay for general obligations in general activities and (3) use unrestricted revenues collected in the Sewer and Refuse Funds to finance various programs/reimburse expenses accounted for in the General Fund in accordance with budgetary authorizations. Interfund transfers during the year ended December 31, 2025 were as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	$ 325,460	$ 1,115,556
Capital Project Fund:		
Capital Equipment Fund	1,115,556	-
Enterprise Funds:		
Sewer Fund	-	171,845
Refuse Fund	-	153,615
	$ 1,441,016	$ 1,441,016

NOTE 5. CAPITAL ASSETS

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

	Balance Jan 1, 2025	Additions	Transfers/ Deletions	Balance Dec 31, 2025
Government Activities				
Capital assets, non-depreciable:				
Land	$ 9,400,396	$ 1,396,515	$ -	$10,796,911
Construction in progress	9,977,578	29,792,780	(2,023,014)	37,747,344
	19,377,974	31,189,295	(2,023,014)	48,544,255
Capital assets, depreciable:				
Land improvements	6,050,063	151,644	-	6,201,707
Buildings and improvements	13,031,083	1,806,291	-	14,837,374
Machinery, equipment and vehicles	15,571,912	4,816,741	(2,127,310)	18,261,343
Infrastructure assets	43,318,120	497,457	-	43,815,577
	77,971,178	7,272,133	(2,127,310)	83,116,001
Less accumulated depreciation:				
Land improvements	(4,494,381)	(139,232)	-	(4,633,613)
Buildings and improvements	(4,576,992)	(383,478)	-	(4,960,470)
Machinery, equipment and vehicles	(9,271,582)	(1,054,384)	2,112,698	(8,213,268)
Infrastructure assets	(31,539,374)	(1,143,227)	-	(32,682,601)
	(49,882,329)	(2,720,321)	2,112,698	(50,489,952)
Governmental activities capital assets, net	$47,466,823	$35,741,107	$ (2,037,626)	$81,170,304

	Balance Jan 1, 2025	Additions	Transfers/ Deletions	Balance Dec 31, 2025
Business-Type Activities				
Capital assets, non-depreciable:				
Construction in progress	$ 369,577	$ 39,309	$ (369,577)	$ 39,309
	369,577	39,309	(369,577)	39,309
Capital assets, depreciable:				
Sewer collection system infrastructure	26,347,774	369,577	-	26,717,351
Buildings	245,983	-	-	245,983
Machinery and equipment	697,748	9,995	-	707,743
Vehicles	4,128,358	349,594	-	4,477,952
Office equipment and furniture	238,390	-	-	238,390
	31,658,253	729,166	-	32,387,419
Less accumulated depreciation:				
Sewer collection system infrastructure	(10,319,960)	(499,594)	-	(10,819,554)
Buildings	(89,851)	(12,300)	-	(102,151)
Machinery and equipment	(685,372)	(6,163)	-	(691,535)
Vehicles	(2,662,539)	(325,941)	-	(2,988,480)
Office equipment and furniture	(238,389)	-	-	(238,389)
	(13,996,111)	(843,998)	-	(14,840,109)
Business-type activities capital assets, net	$18,031,719	$ (75,523)	$ (369,577)	$17,586,619

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	$ 100,773
Public safety	907,750
Public works, highways and streets	1,391,300
Culture and recreation	320,498
Total depreciation expense, governmental activities	$ 2,720,321
Business-type activities:	
Refuse fund	$ 142,726
Sewer fund	701,272
Total depreciation expense, business-type activities	$ 843,998

NOTE 6. LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2025 are as follows:

	Balance Jan 1, 2025	Additions	Transfers/ Deletions	Balance Dec 31, 2025
General Obligation Bonds, Series of 2025	$ -	$ 25,000,000	$ -	$ 25,000,000
Deferred bond premium	-	1,689,180	(29,326)	1,659,854
	$ -	$ 26,689,180	$ (29,326)	$ 26,659,854

A summary of the long-term debt due within one year is as follows:

	Due Within One Year	Due in More Than One Year
Bond payable	$ 5,000	$ 24,995,000
Deferred bond premium	70,383	1,589,471
	$ 75,383	$ 26,584,471

Bonds Payable

A summary of the terms of each debt issue of bonds payable is provided below:

General Obligation Bonds, Series 2025

On July 24, 2025, the Township issued $25,000,000 in bonds. The Bonds are due in annual principal payments each October 1st beginning October 1st, 2026, ranging from $5,000 to $6,590,000, with semiannual interest due each April 1st and October 1st ranging from 5.00 to 5.25% through October 2049. The proceeds of the Bond will be used to finance the construction of the new Township Community Center.

The aggregate future annual payments required to amortize outstanding bonds payable as of December 31, 2025, including total interest payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 5,000	$ 1,502,180	$ 1,507,180
2027	600,000	1,266,225	1,866,225
2028	635,000	1,236,225	1,871,225
2029	665,000	1,204,475	1,869,475
2030	700,000	1,171,225	1,871,225
2031-2035	4,050,000	5,296,125	9,346,125
2036-2040	5,160,000	4,177,625	9,337,625
2041-2045	6,595,000	2,750,875	9,345,875
2046-2049	6,590,000	886,726	7,476,726
	$ 25,000,000	$ 19,491,681	$ 44,491,681

NOTE 7. DEFINED BENEFIT PENSION PLAN (NONUNIFORMED EMPLOYEES' PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Nonuniformed Employees' Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value.

Plan Description

Plan Administration - The Township administers the Nonuniformed Employees' Pension Plan, a single employer defined benefit pension plan that provides pensions for regular, full-time employees. The plan is included in the accompanying financial statements of the Township as a pension trust fund and does not issue separate plan financial statements.

Management of the Nonuniformed Employees' Pension Plan is vested in the Township Supervisors. The Township Supervisors are responsible for managing, investing and monitoring the Township's Nonuniformed Pension Fund.

Plan Membership - At December 31, 2025, plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	30
Inactive members entitled to but not yet receiving benefits	18
Active members	34
	82

Benefits Provided - The Nonuniformed Employees' Pension Plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 65. The normal retirement pension is payable monthly during the member's lifetime, with payments guaranteed for the first 120 months. The amount of monthly pension is equal to 2% of average monthly compensation times years of benefit service, up to a maximum of 30 years. For members as of January 1, 2002, the minimum monthly pension is equal to 55% of average monthly compensation. Average monthly compensation is based upon the highest three consecutive plan years of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the greater of the benefit accrued to the late retirement date or the benefit accrued as of the last day of the previous plan year, as actuarially increased. If an active member becomes disabled and remains disabled for six months, he is eligible for a disability pension. The monthly disability pension is equal to the actuarial equivalent of the accrued benefit at the date of disability. If a vested member dies prior to retirement, a death benefit is payable to his named beneficiary equal to the actuarial equivalent of the pension accrued to date. Unless otherwise elected, with the consent of the member's spouse, the named beneficiary shall be the member's spouse and payment shall be made in the form of a Preretirement Survivor Annuity, with any additional benefits paid in a lump sum.

Cost-of-living adjustments may be made to retirees with a maximum total cost-of-living increase of 30%.

The benefit provisions of the Township's Nonuniformed Employees' Pension Plan are established by Township ordinances.

Funding Policy and Contributions - The Township pays the full cost of the plan. Member contributions are not required. The Township is required to contribute the amounts necessary to fund the Nonuniformed Employees' Pension Plan using the actuarial basis specified by state statute. The state 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 Nonuniformed Employees' Pension Plan.

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute $948,049 to the plan for the year 2025.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services are charged to the Nonuniformed Employees' Pension Plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Concentrations - The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2025, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of Fiduciary Net Position.

Rate of Return - For the year ended December 31, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2025, were as follows:

Total pension liability	$ 12,240,367
Plan fiduciary net position	(12,200,538)
Net pension liability	$ 39,829
Plan fiduciary net position as a percentage of the total pension liability	99.7%

Actuarial Assumptions – The net pension liability was measured as of December 31, 2025, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Inflation	3.00%	
Salary increases	5.00%	(average, including inflation)
Investment rate of return	7.50%	(including inflation)
Postretirement Cost of Living Increase	0.00%	

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into this table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2025 (see the plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	48%	5.50% - 7.50%
International equities	12%	4.50% - 6.50%
Fixed income	33%	1.00% - 3.00%
Cash	7%	0.00% - 1.00%

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in Net Position Liability

The changes in the net pension liability for the year ended December 31, 2025 is as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A-B)
Balances, December 31, 2024	$ 11,785,164	$ 10,402,627	$ 1,382,537
Changes for the year:			
Service cost	293,526	-	293,526
Interest	872,849	-	872,849
Changes of experience	(170,246)	-	(170,246)
Contributions, employer	-	948,049	(948,049)
Net investment income	-	1,390,788	(1,390,788)
Benefit payments	(540,926)	(540,926)	-
Net changes	455,203	1,797,911	(1,342,708)
Balances at December 31, 2025	$ 12,240,367	$ 12,200,538	$ 39,829

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.5%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point higher lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	$ 1,431,423	$ 39,829	$ (1,146,487)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2025, the Township recognized pension expense of $530,093 for the Nonuniformed Employees' Pension Plan. At December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 65,357	$ 379,591
Change of actuarial assumptions	90,890	-
Net difference between projected and actual earnings on pension plan investments	450,818	824,076
	$ 607,065	$ 1,203,667

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

Measurement Year Year Ended December 31	
2026	$ 201,574
2027	(380,335)
2028	(248,321)
2029	(141,151)
2029	(28,369)
	$ (596,602)

NOTE 8. DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Financial information of the Township's Police Pension Plan (the Plan) is presented on 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 as required by Act 600 and Act 205 of the Commonwealth of Pennsylvania. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee

contributions) are recognized when due and payable in accordance with benefit terms.

Investments are reported at fair value. The plan's assets with Pennsylvania Municipal Retirement System (PMRS) are pooled for investment purposes, and therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's separately issued Comprehensive Annual Financial Report.

Plan Description

The Upper Macungie Township Police Pension Plan is a single-employer defined benefit pension plan adopted pursuant to ACT 15 of 1974. The Plan participates in the 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. A copy of the report can be obtained by contacting the PMRS accounting office.

Plan Membership

Membership of the Plan consisted of the following at January 1, 2024:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	3
Active employees	30
	48

Benefits Provided - The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% times credited service times final average salary but in no event is the basic benefit greater than 50% of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last three years annualized salary. Married officers will receive joint and 50% survivor annuity. Normal retirement is age 50 with at least 12 years of service. Early retirement is available after 24 years of service regardless of age.

If a member dies in service, a benefit will be paid per Act 30 equal to 100% of salary. For total and permanent disablement, a monthly benefit equal to 75% of Final Monthly Average Salary at date of disablement regardless of age or service. Covered employees are required to contribute a percentage of their compensation to the plan, which was 3.0% for 2024 and 2023. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Funding and Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Plan's Minimum Municipal Obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation. In accordance with the Plan's

governing ordinance, members are required to contribute 3% of compensation to the Plan.

The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings. In accordance with Act 205, the Township was required to contribute $919,428 to the Plan for the year 2025.

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Investments

Investment Policy - The PMRS System's long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the System's Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2024 and summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities (large capitalized firms)	24.5%	4.89%
Domestic equities (small capitalized firms)	8.0%	5.80%
International equities (international developed markets)	14.5%	5.53%
International equities (emerging markets)	3.0%	5.89%
Global equities	5.0%	3.94%
Real estate	10.0%	3.88%
Timber	5.0%	3.07%
Fixed income (Core investment Grade)	24.0%	2.51%
Fixed income (Opportunistic Credit)	5.0%	4.35%
Cash	1.0%	0.61%
Total portfolio	100%	

Based on the aforementioned methodology, the Board established the System's Long-Term Expected Rate of Return at 7.29%.

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the

PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Nominal Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2024, this rate is equal to 5.25%. Investments are reported at quoted market price. The plan's fair value of investments as of December 31, 2024 was $19,026,264. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Concentrations - At December 31, 2024, none of the plan's individual investments exceeded 5.0% of the total portfolio.

Net Pension Liability of the Township

Total pension liability	$ 20,411,223
Plan fiduciary net position	(19,026,264)
Net pension liability	$ 1,384,959
Plan fiduciary net position as a percentage of the total pension liability	93%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry Age
Amortization method:	Level Dollar based upon the amortization periods in Act 205
Asset valuation method:	Based upon the municipal reserves
Discount rate:	5.25%
Inflation:	2.20%
Salary increases:	Age related scale with merit and inflation component
COLA increases:	2.20% 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 - RP 2006 annuitant male table Females - RP 2006 annuitant female table
Mortality Improvement:	Base mortality described above projected from the applicable table's base year to 2023 using Mortality Improvement Scale MP-2018.

The actuarial assumptions used in the January 1, 2024, valuation were based on the PMRS Experience Study completed in 2020, as well as subsequent Board approved

changes.

Discount Rate - While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities and plan retirees each year. The Board considers the following five quantitative factors in establishing the Regular Interest Rate:

i. Retiree Plan liability as a percentage of total Plan liability,

ii. Active Plan participant liability as a percentage of total Plan liability,

iii. Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates,

iv. PMRS System Long-Term Expected Nominal Rate of Return, and

v. PMRS investment expenses.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A-B)
Balances, December 31, 2023	$ 18,407,429	$ 17,148,105	$ 1,259,324
Changes for the year:			
Service cost	663,703	-	663,703
Interest	994,612	-	994,612
Differences between expected and actual experience	1,384,549	-	1,384,549
Changes in benefits	-	-	-
Changes in assumptions	(783,508)	-	(783,508)
Contributions, employer	-	585,334	(585,334)
Contributions, employee	-	916	(916)
Net investment income	-	1,594,958	(1,594,958)
Benefit payments	(255,562)	(255,562)	-
Administrative expense	-	(47,487)	47,487
Net changes	2,003,794	1,878,159	125,635
Balances at December 31, 2024	$ 20,411,223	$ 19,026,264	$ 1,384,959

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate - The following presents the net pension (asset) liability of the Township, calculated using the discount rate of 5.50%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net Pension Liability (Asset)	$ 4,795,326	$ 1,384,959	$ (1,362,154)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2024, the Township recognized pension expense of $792,607 for the Police Pension Plan. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,079	$ 1,774,940
Changes in assumptions	730,812	34,718
Net difference between projected and actual investment earnings on pension plan investments	297,482	-
Contributions subsequent to the measurement date	-	919,428
	$ 1,030,373	$ 2,729,086

$919,428 reported as deferred outflows of resources related to pensions resulting from Township contributions made subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Measurement Year Ended December 31	
2025	$ 194,816
2026	411,622
2027	(141,411)
2028	37,298
2029	191,097
Thereafter	85,863
	$ 779,285

NOTE 9. DEFINED CONTRIBUTION PLAN

Description of Plan

The Plan is a defined contribution plan covering all full-time, non-union administrative employees hired on or after the effective date of January 1, 2022. No period of service is required for eligibility purposes. The Plan provision for contribution includes a fixed employer percentage times the participants earnings. The 2025 contribution rate was 7.0% of earnings. The contribution rate may change from year-to-year. No participant contributions are required. Full vesting in the Plan occurs after the completion of five years. Each year of service equates to 20.0% vested. Normal retirement age is 65.

Plan assets are held in trust for the participant by Mission Square Retirement.

The Township contributed $61,293 to the Plan based on compensation of $875,608 for the year ended December 31, 2025. At year end the plan had 14 participants.

NOTE 10. EARLY RETIREMENT BENEFITS

The Township implemented a voluntary policy for early retirement benefits under which employees with at least 25 years of service qualify for three years of health insurance if the employee retires at age 62. There is no formal plan and no assets have been set aside to cover future costs. Accordingly, no liability has been reported in fund level statements for the Enterprise Funds and the government-wide statements for the governmental and business-type activities.

NOTE 11. LEASE RECEIVABLES

On March 25, 2015, the Township entered into a 60 month lease as Lessor for the use of land for a cell tower. The lease was extended for an additional 240 months (4 extension option(s), each for 60 months). The lease receivable is discounted at its present value using the incremental borrowing rate of 4.5% over the life of the lease. As of January 1, 2022, an initial lease receivable was recorded in the present value amount of $361,946. As of December 31, 2025, the present value of the lease receivable is $323,278. The

Township recognized lease revenue of $25,373 during 2025. Each year the payments increase by 2.5% until the March 1, 2040, the end of the lease term.

On January 8, 1993, the Township entered into a 120 month lease as Lessor for the use of a building. The lease was extended to May 31, 2011. Effective June 1, 2011, the Lease was extended for an additional 120 months with an option to renew for an additional two 60 month terms. Effective November 1, 2024 a new lease agreement was executed. The new lease agreement was for an initial term of 120 months with an option to renew for an additional two 60 month terms. The new lease was discounted at its present value using the incremental borrowing rate of 6.5% over the life of the lease. As of November 1, 2024, an initial lease receivable was recorded in the present value amount of $3,325,952. As of December 31, 2025, the present value of the lease receivable is $3,039,504. The Township recognized lease revenue of $449,878 during 2025. The Lessee is required to make a payment of $450,745 for the first year and then the payments increase each year thereafter based on the Consumer Price Index up to a maximum increase of 5%.

Future principal and interest expected to maturity as of December 31, 2025 is as follows:

December 31	Principal	Interest	Total
2026	$ 275,836	$ 201,566	$ 477,402
2027	294,730	183,339	478,069
2028	314,880	163,872	478,752
2029	336,369	143,083	479,452
2030	359,286	120,884	480,170
2031 - 2035	1,649,358	237,032	1,886,390
2036 - 2040	132,323	12,453	144,776
	$ 3,362,782	$ 1,062,229	$4,425,011

NOTE 12. SUBSEQUENT EVENTS

The Township has evaluated subsequent events and transactions for potential recognition and disclosure through July 2, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MACUNGIE TOWNSHIP

Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2025

	Original and Final Budget (Unaudited)	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES			
Taxes	$ 13,780,000	$ 15,884,681	$ 2,104,681
Licenses and permits	10,400	20,503	10,103
Fines and forfeits	137,000	150,232	13,232
Interest, rents and royalties	2,030,921	2,162,735	131,814
Intergovernmental	1,209,018	1,671,110	462,092
Charges for services	2,304,300	2,108,242	(196,058)
Miscellaneous	7,500	26,733	19,233
	19,479,139	22,024,236	2,545,097
EXPENDITURES			
General government	2,343,913	2,563,354	(219,441)
Public safety	12,314,476	12,553,851	(239,375)
Public works, highways and streets	3,634,983	3,448,253	186,730
Culture and recreation	1,731,329	2,975,411	(1,244,082)
Debt service	-	194,089	(194,089)
Other operating expenditures	149,498	342,865	(193,367)
	20,174,199	22,077,823	(1,903,624)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(695,060)	(53,587)	641,473
OTHER FINANCING SOURCES (USES):			
Operating transfers in	1,852,139	325,460	(1,526,679)
Operating transfers out	(1,394,698)	(1,115,556)	279,142
Proceeds from bonds	-	25,000,000	25,000,000
Bond premium	-	1,689,180	1,689,180
Refund of prior year expenditures	175,000	493,354	318,354
	632,441	26,392,438	25,759,997
NET CHANGE IN FUND BALANCE	**(62,619)**	**26,338,851**	**26,401,470**
FUND BALANCE, beginning	48,487,252	48,487,252	-
FUND BALANCE, ENDING	**$ 48,424,633**	**$ 74,826,103**	**$ 26,401,470**

UPPER MACUNGIE TOWNSHIP

Required Supplementary Information

Schedule of Changes in the Nonuniformed Employees' Pension Plan Net Pension Liability and Related Ratios (Unaudited)

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 293,526	$ 319,704	$ 304,480	$ 342,737	$ 326,416	$ 320,013	$ 304,774	$ 259,688	$ 247,322	$ 205,872
Interest	872,849	839,124	790,563	741,667	694,842	696,219	655,455	564,932	538,719	490,504
Changes of benefits	-	-	-	(435,419)	(633,925)	-	55,461	-	332,740	-
Changes of experience	(170,246)	-	44,016	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-	727,127	-	-	-
Benefit payments	(540,926)	(484,564)	(441,011)	-	(391,058)	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)
NET CHANGE IN TOTAL PENSION LIABILITY	455,203	674,264	698,048	648,985	(3,725)	593,139	1,302,004	374,806	670,800	288,942
TOTAL PENSION LIABILITY, BEGINNING	11,785,164	11,110,900	10,412,852	9,763,867	9,767,592	9,174,453	7,872,449	7,497,643	6,826,843	6,537,901
TOTAL PENSION LIABILITY, ENDING	**$ 12,240,367**	**$ 11,785,164**	**$ 11,110,900**	**$ 10,412,852**	**$ 9,763,867**	**$ 9,767,592**	**$ 9,174,453**	**$ 7,872,449**	**$ 7,497,643**	**$ 6,826,843**
PLAN FIDUCIARY NET POSITION										
Contributions, employer	$ 948,049	$ 775,718	$ 530,592	$ 533,766	$ 638,436	$ 435,746	$ 426,885	$ 334,212	$ 315,529	$ 295,561
Net investment income (loss)	1,390,788	845,527	1,257,343	(1,547,776)	842,176	918,397	1,125,471	(391,941)	749,554	303,205
Benefit payments, including refunds	(540,926)	(484,564)	(441,011)	(435,419)	(391,058)	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,797,911	1,136,681	1,346,924	(1,449,429)	1,089,554	931,050	1,111,543	(507,543)	617,102	191,332
PLAN FIDUCIARY NET POSITION, BEGINNING	10,402,627	9,265,946	7,919,022	9,368,451	8,278,897	7,347,847	6,236,304	6,743,847	6,126,745	5,935,413
PLAN FIDUCIARY NET POSITION, ENDING	**$ 12,200,538**	**$ 10,402,627**	**$ 9,265,946**	**$ 7,919,022**	**$ 9,368,451**	**$ 8,278,897**	**$ 7,347,847**	**$ 6,236,304**	**$ 6,743,847**	**$ 6,126,745**
NET PENSION LIABILITY, ENDING	**$ 39,829**	**$ 1,382,537**	**$ 1,844,954**	**$ 2,493,830**	**$ 395,416**	**$ 1,488,695**	**$ 1,826,606**	**$ 1,636,145**	**$ 753,796**	**$ 700,098**
Plan fiduciary net position as a percentage of total pension liability	99.67%	88.27%	83.40%	76.05%	95.95%	84.76%	80.09%	79.22%	89.95%	89.74%
COVERED EMPLOYEE PAYROLL	$ 2,548,080	$ 2,731,324	$ 2,881,236	$ 2,789,944	$ 2,759,291	$ 2,472,729	$ 2,545,135	$ 2,447,739	$ 2,412,665	$ 2,154,016
Net pension liability as a percentage of covered employee payroll	1.56%	50.62%	64.03%	89.39%	14.33%	60.20%	71.77%	66.84%	31.24%	32.50%

UPPER MACUNGIE TOWNSHIP

Required Supplementary Information
Schedule of Nonuniformed Employees' Pension Plan Contributions
Last Ten Fiscal Years

Year	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions Recognized by Plan as a % of Covered Employee Payroll
2016	$ 295,561	$ 295,561	-	$ 2,154,016	13.72%
2017	315,529	315,529	-	2,412,665	13.08%
2018	334,212	334,212	-	2,447,739	13.65%
2019	426,885	426,885	-	2,545,135	16.77%
2020	435,746	435,746	-	2,472,729	17.62%
2021	638,436	638,436	-	2,759,291	23.14%
2022	533,766	533,766	-	2,789,944	19.13%
2023	530,592	530,592	-	2,881,236	18.42%
2024	525,718	775,718	(250,000)	2,731,324	28.40%
2025	698,049	948,049	(250,000)	2,548,080	37.21%

UPPER MACUNGIE TOWNSHIP

Schedule of Nonuniformed Employees' Pension Plan Investment Returns (Unaudited)
Last Ten Fiscal Years

	Measurement Year *									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money weighted rate of return, net of investment expense	13.73%	9.85%	15.64%	-16.48%	10.43%	11.66%	16.85%	-5.45%	11.51%	5.38%

UPPER MACUNGIE TOWNSHIP

Schedule of Nonuniformed Employees' Pension Plan Contributions
Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Method	1/1/2023
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar Closed
Remaining Amortization Period:	9 years
Asset valuation method:	Market value of assets as determined by trustee
Discount rate:	7.50%
Inflation:	3.00%
Salary increases:	5.00%
Retirement age:	Normal retirement age
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated in to the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement

Changes in benefit terms: None since 1/1/2023

UPPER MACUNGIE TOWNSHIP

Schedule of Changes in Police Pension Plan Net Pension Liability and Related Ratios (Unaudited)

Last Ten Fiscal Years

	Measurement Year *									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
TOTAL PENSION LIABILITY										
Service cost	$ 663,703	$ 587,384	$ 580,801	$ 527,324	$ 507,780	$ 471,970	$ 446,322	$ 438,224	$ 373,469	$ 417,730
Interest	994,612	922,915	793,728	713,286	617,635	574,020	523,698	486,959	448,045	431,789
Difference between expected and actual experience	1,384,549	-	841,900	-	17,829	-	198,871	-	98,811	(22,879)
Changes of benefits	-	529,386	-	483,439	978,288	-	-	-	-	-
Change of assumptions	(783,508)	-	-	-	(64,153)	-	-	-	347,207	(337,961)
Benefit payments	(255,562)	(256,186)	(257,359)	(233,537)	(275,937)	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)
NET CHANGE IN TOTAL PENSION LIABILITY	2,003,794	1,783,499	1,959,070	1,490,512	1,781,442	819,242	923,798	703,034	1,082,977	329,449
TOTAL PENSION LIABILITY, BEGINNING	18,407,429	16,623,930	14,664,860	13,174,348	11,392,906	10,573,664	9,649,866	8,946,832	7,863,855	7,534,406
TOTAL PENSION LIABILITY, ENDING	**$ 20,411,223**	**$ 18,407,429**	**$ 16,623,930**	**$ 14,664,860**	**$ 13,174,348**	**$ 11,392,906**	**$ 10,573,664**	**$ 9,649,866**	**$ 8,946,832**	**$ 7,863,855**
PLAN FIDUCIARY NET POSITION										
Contributors:										
Employer	$ 585,334	$ 426,747	$ 262,836	$ 229,209	$ 248,064	$ 265,287	$ 315,533	$ 290,684	$ 529,685	$ 491,459
Member	916	150,859	146,465	129,375	116,131	102,997	84,380	70,994	75,895	105,289
Net investment income (loss)	1,594,958	1,689,492	(1,906,282)	1,845,491	1,664,329	2,303,414	(635,337)	1,696,674	636,045	(61,341)
Benefit payments, including refunds of member contributions	(255,562)	(256,186)	(257,359)	(233,537)	(275,937)	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)
Administrative expense	(47,487)	(45,501)	(40,324)	(40,545)	(29,393)	(22,049)	(25,981)	(25,075)	(25,827)	(19,784)
NET CHANGE IN PLAN FIDUCIARY NET POSITIOI	1,878,159	1,965,411	(1,794,664)	1,929,993	1,723,194	2,422,901	(506,498)	1,811,128	1,031,243	356,393
PLAN FIDUCIARY NET POSITION, BEGINNING	17,148,105	15,182,694	16,977,358	15,047,365	13,324,171	10,901,270	11,407,768	9,596,640	8,565,397	8,209,004
PLAN FIDUCIARY NET POSITION, ENDING	**$ 19,026,264**	**$ 17,148,105**	**$ 15,182,694**	**$ 16,977,358**	**$ 15,047,365**	**$ 13,324,171**	**$ 10,901,270**	**$ 11,407,768**	**$ 9,596,640**	**$ 8,565,397**
NET PENSION LIABILITY (ASSET), ENDING	**$ 1,384,959**	**$ 1,259,324**	**$ 1,441,236**	**$ (2,312,498)**	**$ (1,873,017)**	**$ (1,931,265)**	**$ (327,606)**	**$ (1,757,902)**	**$ (649,808)**	**$ (701,542)**
Plan fiduciary net position as a percentage of total pension liability (asset)	93.21%	93.16%	91.33%	115.77%	114.22%	116.95%	103.10%	118.22%	107.26%	108.92%
COVERED EMPLOYEE PAYROLL	$ 3,409,223	$ 3,017,196	$ 2,929,302	$ 2,769,007	$ 2,770,283	$ 2,574,914	$ 2,410,835	$ 2,367,092	$ 2,148,165	$ 2,105,760
Net pension liability (asset) as a percentage of covered employee payroll	40.62%	41.74%	49.20%	-83.51%	-67.61%	-75.00%	-13.59%	-74.26%	-30.25%	-33.32%

UPPER MACUNGIE TOWNSHIP

Schedule of Police Pension Plan Contributions (Unaudited)
Last Ten Fiscal Years

Measurement Year *	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions Recognized by Plan as a % of Covered Employee Payroll
2015	$ 491,459	$ 491,459	$ -	$ 2,105,760	23.34%
2016	529,665	529,685	(20)	2,148,165	24.66%
2017	290,644	290,684	(40)	2,367,092	12.28%
2018	315,533	315,533	-	2,410,835	13.09%
2019	265,247	265,287	(40)	2,574,914	10.30%
2020	248,004	248,064	(60)	2,770,283	8.95%
2021	229,209	229,209	-	2,769,007	8.28%
2022	262,776	262,836	(60)	2,929,302	8.97%
2023	426,647	426,747	(100)	3,017,196	14.14%
2024	433,435	585,334	(151,899)	3,409,223	17.17%

Schedule of Police Pension Plan Investment Returns (Unaudited)
Last Ten Fiscal Years

	Measurement Year *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expense	7.29%	7.31%	7.43%	7.42%	7.80%	6.70%	7.00%	17.84%	8.23%	-0.27%

UPPER MACUNGIE TOWNSHIP

Schedule of Police Pension Plan Contributions (Unaudited)
Notes to Schedule

Actuarial valuation date	January 1, 2025
Actuarial cost method	Entry Age
Amortization method	Level dollar based on the amortization periods in Act 205
Asset valuation method	Based on the municipal reserves
Discount	5.25%
Inflation	2.20%
Salary increases	Age-related scale with merit and inflation component
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
Healthy Post-Retirement Mortality	Males: RP 2006 annuitant male table Females: RP 2006 annuitant female table
Significant Plan Changes:	None
Significant Assumption Changes:	
12/31/2024:	Investment Return Assumption for municipal assets increased from 5.25% to 5.50%.
12/31/2020:	Assumptions based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020.
12/31/2016:	Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.
12/31/2015:	Assumptions based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015.

OTHER SUPPLEMENTARY INFORMATION

UPPER MACUNGIE TOWNSHIP

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2025

	Special Revenue Funds				
	Stormwater Maintenance Fund	Fire Alarm Fund	Highway Aid Fund	Open Space Preservation Fund	Total
ASSETS					
Cash and cash equivalents	$ 22,907	$ 33,698	$ 1,920	$ 5,377	$ 63,902
Investments	-	-	2,160,312	994,883	3,155,195
Accounts receivable	-	43,359	-	-	43,359
Due from other funds	-	-	26,837	-	26,837
TOTAL ASSETS	**$ 22,907**	**$ 77,057**	**$ 2,189,069**	**$ 1,000,260**	**$ 3,289,293**
LIABILITIES					
Due to other funds	$ 36,133	$ 843,875	$ -	$ -	$ 880,008
TOTAL LIABILITIES	36,133	843,875	-	-	880,008
FUND BALANCES					
Restricted for:					
Road and street improvements	-	-	2,189,069	-	2,189,069
Assigned to:					
Open space preservation	-	-	-	1,000,260	1,000,260
Unassigned (deficit)	(13,226)	(766,818)	-	-	(780,044)
TOTAL FUND BALANCES	(13,226)	(766,818)	2,189,069	1,000,260	2,409,285
TOTAL LIABILITIES AND FUND BALANCES	**$ 22,907**	**$ 77,057**	**$ 2,189,069**	**$ 1,000,260**	**$ 3,289,293**

UPPER MACUNGIE TOWNSHIP

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds				
	Stormwater Maintenance Fund	Fire Alarm Fund	Highway Aid Fund	Open Space Preservation Fund	Total
REVENUES					
Interest, rents and royalties	$ 112	$ 646	$ 104,165	$ 42,029	$ 146,952
Intergovernmental	-	-	908,765	-	908,765
Charges for services	-	94,217	-	-	94,217
TOTAL REVENUE	112	94,863	1,012,930	42,029	1,149,934
EXPENSES					
Public safety	-	343,652	-	-	343,652
Public works - highways and streets	-	-	660,576	-	660,576
Public works - other services	8,895	-	-	-	8,895
TOTAL EXPENSES	8,895	343,652	660,576	-	1,013,123
NET CHANGE IN FUND BALANCE	**(8,783)**	**(248,789)**	**352,354**	**42,029**	**136,811**
FUND BALANCE, BEGINNING	(4,443)	(518,029)	1,836,715	958,231	2,272,474
FUND BALANCE, ENDING	**$ (13,226)**	**$ (766,818)**	**$ 2,189,069**	**$ 1,000,260**	**$ 2,409,285**

APPENDIX C
Form of Opinion of Bond Counsel

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[FORM OF OPINION OF BOND COUNSEL]

TOWNSHIP OF UPPER MACUNGIE
Lehigh County, Pennsylvania
$[__,___,___] Aggregate Principal Amount
General Obligation Bonds, Series of 2026

[Closing Date], 2026

To the Purchasers of the
Above-Described Bonds:

We have served as Bond Counsel to the Township of Upper Macungie, Lehigh County, Pennsylvania ("Issuer"), in connection with the issuance of its $[__,___,___] aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 ("Act"), and an ordinance ("Ordinance") duly enacted on June 5, 2025, by the Board of Supervisors of the Issuer ("Board"). The Bonds are being issued to provide funds for various capital projects and to pay the costs of issuing the Bonds.

As Bond Counsel for the Issuer, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania ("Commonwealth"); (b) the Act; (c) the relevant provisions of the Pennsylvania Second Class Township Code; (d) the Ordinance and the Debt Statement of the Issuer filed with the Pennsylvania Department of Community and Economic Development ("Department"); (e) the proceedings of the Board of Supervisors with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (the "Tax Compliance Certificate") of officials of the Issuer having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Code"), an opinion of the Solicitor to the Issuer as to various matters, and the other documents, certifications and instruments listed in the Closing Agenda filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We have also relied, in the opinion set forth below, upon the opinion of the Solicitor to the Issuer as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The Issuer is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds.

2. The Issuer has established, in accordance with the Debt Act, a sinking fund for the Bonds (the "Sinking Fund") with U.S. Bank Trust Company, National Association, as paying agent, registrar and sinking fund depository ("Paying Agent"), and has covenanted in the Ordinance to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The Issuer has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the Issuer in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the place and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Issuer has pledged, with respect to the Bonds, its full faith, credit and taxing power.

4. The Bonds have been duly authorized, executed, issued and delivered by the Issuer, have been duly authenticated, and are the legal, valid and binding general obligations of the Issuer, enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Issuer with the requirements of the Code. Interest

on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Issuer with the covenants contained in the Ordinance and its representations in the Tax Compliance Certificate relating to actions to be taken by the Issuer after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the laws of the Commonwealth as enacted and construed on the date hereof. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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APPENDIX D
Form of Continuing Disclosure Agreement

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[FORM OF] CONTINUING DISCLOSURE CERTIFICATE

Re: Township of Upper Macungie,
Lehigh County, Pennsylvania
$[__,___,___] Aggregate Principal Amount
General Obligation Bonds, Series of 2026
Dated [Closing Date], 2026

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Upper Macungie, in Lehigh County, Pennsylvania (the "Township"), in connection with the Township's General Obligation Bonds, Series of 2026, in the aggregate principal amount of $[__,___,___] (the "Bonds"). The Bonds are being issued pursuant to an ordinance duly enacted by the Board of Supervisors of the Township (the "Ordinance"). The Township makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Township for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report filed by the Township pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"Bondholder" shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Financial Obligation" shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final official statement relating to the Bonds prepared by or on behalf of the Township and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The Township agrees to file with the MSRB:

(a) Financial Information for Township. Annually, on or before October 1 following the close of each of the Township's fiscal years, beginning with fiscal year ending December 31, 2026, the following financial information and operating information for the Township:

1. financial statements for the most recent, completed fiscal year, prepared in accordance with generally accepted accounting principles, and audited in accordance with generally accepted auditing standards;

2. a copy of (or summary of) the budget for the current fiscal year;

3. the total assessed value of all taxable real estate for the then current fiscal year;

4. the taxes and millage rates imposed for the then current fiscal year;

5. the real property tax collection results for the most recent fiscal year, including (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (b) the dollar amount of real estate taxes collected that represented current collections, (c) the dollar amount of delinquent real estate taxes collected that represent taxes levied in prior years, and (d) the total dollar amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount); and

6. owners of the top 10 parcels of real estate taxed by the Township and, for each, its total assessed value in the current fiscal year.

(b) Audited Financial Statements. If not submitted as part of the annual financial information of the Township in accordance with subparagraph (a) above, then when and if available, audited financial statements of the Township.

Each Annual Report may be submitted as a single document or as separate documents comprising a package. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Township or related public entities which have been filed with MSRB or with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Township shall clearly identify each other document so incorporated by reference.

SECTION 4. Notices of Late Filing of Annual Information. If the Township has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the Township will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the Township expects to file the Annual Report.

SECTION 5. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the Township will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
(7) modifications to rights of holders of the Bonds, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Township;
(13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
(15) incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other

similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties.

The Township may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the Township, in addition to those listed above, if, in the judgment of the Township, such other event is material with respect to the Bonds, but the Township does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 6. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org.

SECTION 7. Dissemination Agent. The Township may, at any time and from time to time, appoint or engage another person (the "Dissemination Agent") to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 8. Termination of Disclosure Obligation. The Township's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the Township no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 9. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Township to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the Township has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

IN WITNESS WHEREOF, the Township causes this Continuing Disclosure Certificate to be executed on their behalf by the Chairman or Vice Chairman of the Board of Supervisors of the Township all as of the date set forth above.

TOWNSHIP OF UPPER MACUNGIE,
Lehigh County, Pennsylvania

By:_____
Chairman of the
Board of Supervisors