

**UPPER MACUNGIE TOWNSHIP**

**FINANCIAL REPORT**

**December 31, 2024**

**BUCKNO  
LISICKY**   
**& COMPANY**

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**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, 2024, 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, 2024 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  
September 23, 2025

## UPPER MACUNGIE TOWNSHIP

### Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

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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, 2024. 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 2024.
- The Township continues to have no outstanding debt.
- The assets of the Township exceeded its liabilities by \$143,531,357 (net position).
- The Township's governmental activities total net position increased from 2023 by \$176,678 or 0.19%.
- Business-type activities (Sewer and Refuse Funds) net positions increased by \$1,173,649 or by 2.49%.
- Total current and other assets for both governmental and business-type activities increased by \$4,754,527 or 3.11%. 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

## UPPER MACUNGIE TOWNSHIP

### Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

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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.

**UPPER MACUNGIE TOWNSHIP****Management's Discussion and Analysis (Unaudited)****Year Ended December 31, 2024**

- **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 \$143,531,357 on December 31, 2024. Governmental activities totaled \$95,210,081 and business-type activities was \$48,321,276. The overall increase in net position in 2024 was \$1,350,327. Governmental activities increased \$176,678 and business-type activities increased \$1,088,411. 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, 2024 and 2023**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>						
Current and other assets	\$ 59,081,566	\$ 61,952,102	\$ 32,903,159	\$ 33,079,016	\$ 91,984,725	\$ 95,031,118
Capital and related assets	47,466,823	40,449,815	18,031,719	17,247,807	65,498,542	57,697,622
<b>TOTAL ASSETS</b>	<b>106,548,389</b>	<b>102,401,917</b>	<b>50,934,878</b>	<b>50,326,823</b>	<b>157,483,267</b>	<b>152,728,740</b>
Deferred outflows of resources	1,129,210	3,529,363	220,835	347,565	1,350,045	3,876,928
<b>LIABILITIES</b>						
Long-term liabilities	2,790,710	3,302,902	255,434	359,545	3,046,144	3,662,447
Other liabilities	3,747,959	3,451,865	2,418,795	2,956,276	6,166,754	6,408,141
<b>TOTAL LIABILITIES</b>	<b>6,538,669</b>	<b>6,754,767</b>	<b>2,674,229</b>	<b>3,315,821</b>	<b>9,212,898</b>	<b>10,070,588</b>
Deferred inflows of resources	5,928,849	4,143,110	160,208	210,940	6,089,057	4,354,050
<b>NET POSITION</b>						
Net investment in capital assets	47,466,823	40,449,815	18,031,719	17,247,807	65,498,542	57,697,622
Restricted	2,941,626	8,392,067	-	-	2,941,626	8,392,067
Unrestricted	44,801,632	46,191,521	30,289,557	29,899,820	75,091,189	76,091,341
<b>TOTAL NET POSITION</b>	<b>\$ 95,210,081</b>	<b>\$ 95,033,403</b>	<b>\$ 48,321,276</b>	<b>\$ 47,147,627</b>	<b>\$143,531,357</b>	<b>\$142,181,030</b>

**UPPER MACUNGIE TOWNSHIP****Management's Discussion and Analysis (Unaudited)****Year Ended December 31, 2024**

A more detailed view of net position of the Township finds that the largest portion is comprised of unrestricted net position. This amount of \$75,091,189 or 52.3%, 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.

**Table 2 - Changes in Net Position  
December 31, 2024 and 2023**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 3,844,104	\$ 3,405,094	\$12,829,869	\$13,696,556	\$16,673,973	\$17,101,650
Operating grants and contributions	1,883,424	1,702,095	-	-	1,883,424	1,702,095
General revenues						
Taxes	14,533,215	14,131,972	-	-	14,533,215	14,131,972
Licenses and permits	12,576	31,575	-	-	12,576	31,575
Fines and forfeits	143,273	143,140	-	-	143,273	143,140
Federal and state revenue - unrestricted	770,904	938,144	-	-	770,904	938,144
Interests, rents and royalties	3,198,340	3,056,815	1,482,193	1,420,797	4,680,533	4,477,612
Miscellaneous income	387,177	297,738	187,489	290,559	574,666	588,297
Operating transfers	325,459	325,459	(325,459)	(325,459)	-	-
Gain on sale of capital assets	73,961	285,140	-	-	73,961	285,140
<b>TOTAL REVENUES</b>	<b>25,172,433</b>	<b>24,317,172</b>	<b>14,174,092</b>	<b>15,082,453</b>	<b>39,346,525</b>	<b>39,399,625</b>
<b>EXPENSES</b>						
General government	1,431,420	1,750,593	-	-	1,431,420	1,750,593
Public safety	16,414,708	14,317,366	-	-	16,414,708	14,317,366
Public works, highways and streets	5,167,090	4,907,536	-	-	5,167,090	4,907,536
Other public works enterprises	39,514	19,321	-	-	39,514	19,321
Culture and recreation	1,452,722	1,576,190	-	-	1,452,722	1,576,190
Community development	-	2,000	-	-	-	2,000
Other operating expenditures	490,301	655,755	-	-	490,301	655,755
Sewer	-	-	10,202,702	9,284,894	10,202,702	9,284,894
Refuse	-	-	2,797,741	3,429,098	2,797,741	3,429,098
<b>TOTAL EXPENSES</b>	<b>24,995,755</b>	<b>23,228,761</b>	<b>13,000,443</b>	<b>12,713,992</b>	<b>37,996,198</b>	<b>35,942,753</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 176,678</b>	<b>\$ 1,088,411</b>	<b>\$ 1,173,649</b>	<b>\$ 2,368,461</b>	<b>\$ 1,350,327</b>	<b>\$ 3,456,872</b>

**Governmental Activities**

The costs of all governmental activities for 2024 was \$24,995,756. As shown in the Statement of Activities, the amount the Township's taxpayers ultimately financed for these activities through Township taxes was \$14,533,215, 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 \$3,844,104, or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions in the amount of \$1,883,424. Other income totaling \$4,911,690 is broken down as follows: Licenses and permits - \$12,576; Fines and forfeits - \$143,273; Federal and state revenues, unrestricted - \$770,904; Rentals and interest earnings - \$3,198,340; gain on sale of assets - \$73,961; other revenue - \$387,177; and transfers from proprietary funds - \$325,459.

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

## UPPER MACUNGIE TOWNSHIP

### Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

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 2024, was \$25,172,433. 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 \$18,377,319 or 73.01% 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 \$6,795,114 or 26.99%.

Comparative revenue totals for 2024 versus 2023 reflect an increase of \$1,392,924 or 6.08%. Governmental revenue items necessitating an explanation are as follows:

- Real estate tax, a tax of 0.64 mills assessed on taxable properties both residential, commercial and industrial, increased \$74,446 or by 2.55% compared to 2023.
- 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 \$757,721 or 9.7% compared to 2023.
- Interest and rents increased in 2024 to \$3,198,340, or a \$141,525 increase from 2023.
- Operating grants and contributions increased in 2024, by \$181,329 or 10.65%.

Total expenses for all governmental activities in 2024 totaled \$24,995,755, which was greater than 2023 expenses by \$1,766,994.

- General government expenses decreased by \$319,173 from 2023 to \$1,431,420 in 2024.
- Public safety expenses increased by \$2,097,342 in 2024. 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 2024. Expenses for this department increased \$259,554 from 2023.

### Business-Type Activities

Total revenue in 2024 from the Township's business-type activities was \$14,174,092 as compared to 2023, which totaled \$15,082,453. Based on these numbers, revenue decreased \$908,361 from 2024 to 2023.

- The decrease of sewer revenue for 2024, was mainly due to the decrease in local grants in the amount of \$344,975.
- The decrease of refuse revenue for 2024, was mainly due to the decrease in state grants in the amount of \$782,741.
- Sewer interest and investment revenue increased \$47,056 in 2024 primarily due to gains associated with the capital reserve investment account fixed income portfolio.

## UPPER MACUNGIE TOWNSHIP

### Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

- Total expenses in 2024 for Sewer and Refuse & Recycling was \$13,000,443 as compared to \$12,713,992 in 2023, a \$286,451 increase.
- Sewer expenses increased \$917,808 in 2024, primarily as a result of treatment expense, which increased \$1,147,831 from the prior year.

### Financial Analysis of the Township's Funds

The Township's Governmental Funds reported combined ending balances of \$51,667,426. The unassigned balance totals \$46,366,461, 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 \$3,548,735 and actual expenses for the year were more than budgeted by \$868,555, resulting in a net positive difference of \$2,680,180 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, 2024 and 2023, totaled \$65,498,542 and \$57,697,622, 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, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 9,400,396	\$ 9,400,396	\$ -	\$ -	\$ 9,400,396	\$ 9,400,396
Buildings	13,031,083	12,522,434	245,983	245,983	13,277,066	12,768,417
Improvements other than buildings	6,050,063	5,824,782	-	-	6,050,063	5,824,782
Infrastructure	43,318,120	41,960,893	26,347,774	22,981,214	69,665,894	64,942,107
Construction in progress	9,977,578	4,585,468	369,577	2,317,513	10,347,155	6,902,981
Machinery, equipment and vehicles and furniture	15,571,912	14,411,821	5,064,496	4,933,428	20,636,408	19,345,249
Total capital assets	97,349,152	88,705,794	32,027,830	30,478,138	129,376,982	119,183,932
Total accumulated depreciation	(49,882,329)	(48,255,979)	(13,996,111)	(13,230,331)	(63,878,440)	(61,486,310)
Capital assets, net	\$ 47,466,823	\$ 40,449,815	\$ 18,031,719	\$ 17,247,807	\$ 65,498,542	\$ 57,697,622

### Future Outlook

Projections for near future development in the township, including both residential and commercial, follow below. As a barometer, residential homes sold in 2024 totaled 503 at an average selling price of \$523,853.

## **UPPER MACUNGIE TOWNSHIP**

### **Management's Discussion and Analysis (Unaudited)**

**Year Ended December 31, 2024**

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There are currently 1,054 dwellings units, which are anticipated to be built in the coming years. 631 of them have been approved for construction, and 423 are in the planning process. There are currently twelve 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.

Construction continues on the new township community center. Upon completion in late spring of 2026, it will provide additional recreation facilities and amenities for the residents of the township.

### **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](mailto:msouls@uppermac.org).

## **BASIC FINANCIAL STATEMENTS**

**UPPER MACUNGIE TOWNSHIP****Statement of Net Position****December 31, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,143,221	\$ 2,911,694	\$ 6,054,915
Investments	47,212,182	28,514,965	75,727,147
Taxes receivable	2,211,450	-	2,211,450
Accounts receivable	371,123	2,516,103	2,887,226
Internal balances	1,121,580	(1,121,580)	-
Prepaid expense	428,436	81,977	510,413
Deposit	972,672	-	972,672
Lease receivables	3,620,902	-	3,620,902
Capital assets, net	47,466,823	18,031,719	65,498,542
	<u>106,548,389</u>	<u>50,934,878</u>	<u>157,483,267</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows, pension (non-uniform)	974,435	220,835	1,195,270
Deferred outflows, pension (PMRS police)	154,775	-	154,775
	<u>1,129,210</u>	<u>220,835</u>	<u>1,350,045</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,933,627	2,418,795	5,352,422
Grant funds not spent	814,332	-	814,332
Compensated absences	404,283	-	404,283
Net pension liability, (non-uniform)	1,127,103	255,434	1,382,537
Net pension liability, (PMRS police)	1,259,324	-	1,259,324
	<u>6,538,669</u>	<u>2,674,229</u>	<u>9,212,898</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows, pension (non-uniform)	706,915	160,208	867,123
Deferred inflows, pension (PMRS police)	1,601,032	-	1,601,032
Deferred inflows, leases	3,620,902	-	3,620,902
	<u>5,928,849</u>	<u>160,208</u>	<u>6,089,057</u>
<b>NET POSITION</b>			
Net investment in capital assets	47,466,823	18,031,719	65,498,542
Restricted	2,941,626	-	2,941,626
Unrestricted	44,801,632	30,289,557	75,091,189
	<u>\$ 95,210,081</u>	<u>\$ 48,321,276</u>	<u>\$ 143,531,357</u>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP**

**Statement of Activities**

**For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 1,431,420	\$ 68,647	\$ -	\$ (1,362,773)	\$ -	\$ (1,362,773)
Public safety	16,414,708	2,577,463	846,939	(12,990,306)	-	(12,990,306)
Public works, highways and streets	5,167,090	266,820	907,922	(3,992,348)	-	(3,992,348)
Other public works enterprises	39,514	-	-	(39,514)	-	(39,514)
Culture and recreation	1,452,722	931,174	128,563	(392,985)	-	(392,985)
Other operating expenditures	490,301	-	-	(490,301)	-	(490,301)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>24,995,755</b>	<b>3,844,104</b>	<b>1,883,424</b>	<b>(19,268,227)</b>	<b>-</b>	<b>(19,268,227)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Sewer	10,202,702	10,163,707	-	-	(38,995)	(38,995)
Refuse	2,797,741	2,666,162	-	-	(131,579)	(131,579)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>13,000,443</b>	<b>12,829,869</b>	<b>-</b>	<b>-</b>	<b>(170,574)</b>	<b>(170,574)</b>
<b>TOTAL</b>	<b>\$ 37,996,198</b>	<b>\$ 16,673,973</b>	<b>\$ 1,883,424</b>	<b>(19,268,227)</b>	<b>(170,574)</b>	<b>(19,438,801)</b>
<b>General Revenues:</b>						
Taxes				14,533,215	-	14,533,215
Licenses and permits				12,576	-	12,576
Fines and forfeits				143,273	-	143,273
Federal and state revenue - unrestricted				770,904	-	770,904
Interest, rents and royalties				3,198,340	1,482,193	4,680,533
Miscellaneous income				387,177	187,489	574,666
Operating transfers				325,459	(325,459)	-
Gain on sale of capital assets				73,961	-	73,961
				<u>19,444,905</u>	<u>1,344,223</u>	<u>20,789,128</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>				<b>176,678</b>	<b>1,173,649</b>	<b>1,350,327</b>
NET POSITION, BEGINNING				95,033,403	47,147,627	142,181,030
<b>NET POSITION, ENDING</b>				<b>\$ 95,210,081</b>	<b>\$ 48,321,276</b>	<b>\$ 143,531,357</b>

**UPPER MACUNGIE TOWNSHIP**

**Balance Sheet  
Governmental Funds  
December 31, 2024**

	General Fund	Capital Equipment Fund	Traffic Improvement Fund	Recreation Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,096,268	\$ -	\$ 2,993	\$ -	\$ 33,277	\$ 7,132,538
Investments	34,997,704	3,846,334	2,740,617	2,898,075	2,729,452	47,212,182
Taxes receivable	2,211,450	-	-	-	-	2,211,450
Accounts receivable	247,483	-	-	9,364	10,860	267,707
Due from other funds	5,230,658	12,923	-	2,720,500	879,995	8,844,076
Prepaid expenses	428,436	-	-	-	-	428,436
Deposit	-	972,672	-	-	-	972,672
Lease receivable	3,620,902	-	-	-	-	3,620,902
<b>TOTAL ASSETS</b>	<b>\$ 53,832,901</b>	<b>\$ 4,831,929</b>	<b>\$ 2,743,610</b>	<b>\$ 5,627,939</b>	<b>\$ 3,653,584</b>	<b>\$ 70,689,963</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Cash deficit	\$ -	\$ 22,226	\$ -	\$ 3,090,463	\$ 876,628	\$ 3,989,317
Accounts payable and other current liabilities	865,136	78,510	1,190	1,985,538	3,253	2,933,627
Grant funds not spent	814,332	-	-	-	-	814,332
Due to other funds	-	4,928,404	2,189,447	-	501,229	7,619,080
<b>TOTAL LIABILITIES</b>	<b>1,679,468</b>	<b>5,029,140</b>	<b>2,190,637</b>	<b>5,076,001</b>	<b>1,381,110</b>	<b>15,356,356</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	45,279	-	-	-	-	45,279
Deferred leases	3,620,902	-	-	-	-	3,620,902
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,666,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,666,181</b>
<b>FUND BALANCES</b>						
Nonspendable	428,436	972,672	-	-	-	1,401,108
Restricted for:						
Road and street improvements	-	-	552,973	-	1,836,715	2,389,688
Recreation activities	-	-	-	551,938	-	551,938
Assigned to:						
Open space preservation	-	-	-	-	958,231	958,231
Unassigned (deficit)	48,058,816	(1,169,883)	-	-	(522,472)	46,366,461
<b>TOTAL FUND BALANCES</b>	<b>48,487,252</b>	<b>(197,211)</b>	<b>552,973</b>	<b>551,938</b>	<b>2,272,474</b>	<b>51,667,426</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 53,832,901</b>	<b>\$ 4,831,929</b>	<b>\$ 2,743,610</b>	<b>\$ 5,627,939</b>	<b>\$ 3,653,584</b>	<b>\$ 70,689,963</b>

**UPPER MACUNGIE TOWNSHIP****Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2024**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 51,667,426**

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	\$ 97,349,152	
Accumulated depreciation	<u>(49,882,329)</u>	
		47,466,823

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. 45,279

Deferred inflows and outflows of resources related to pensions are not reported in governmental funds

Deferred Outflows Related to Pensions - Non-uniform	974,435
Deferred Inflows Related to Pensions - Non-uniform	(706,915)
Deferred Outflows Related to Pensions - PMRS Police	154,775
Deferred Inflows Related to Pensions - PMRS Police	(1,601,032)

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	(1,259,324)	
Net pension liability - Non-uniform	<u>(1,127,103)</u>	
		(2,386,427)

Long-term compensated absences are not due and payable in the current period, and therefore are not reported as liabilities in the fund (404,283)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 95,210,081**

**UPPER MACUNGIE TOWNSHIP**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the Year Ended December 31, 2024**

	General Fund	Capital Equipment Fund	Traffic Improvement Fund	Recreation Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 14,572,472	\$ -	\$ -	\$ -	\$ -	\$ 14,572,472
Licenses and permits	12,576	-	-	-	-	12,576
Fines and forfeits	143,273	-	-	-	-	143,273
Interest, rents and royalties	2,478,025	139,906	133,966	271,136	175,307	3,198,340
Intergovernmental	1,617,842	-	-	128,563	907,922	2,654,327
Charges for services	2,909,306	-	266,820	590,810	77,167	3,844,103
Miscellaneous	48,695	-	-	-	-	48,695
<b>TOTAL REVENUE</b>	<b>21,782,189</b>	<b>139,906</b>	<b>400,786</b>	<b>990,509</b>	<b>1,160,396</b>	<b>24,473,786</b>
<b>EXPENDITURES</b>						
General government	1,822,334	49,524	-	-	7,035	1,878,893
Public safety	11,767,013	2,129,014	-	-	201,647	14,097,674
Public works, highways and streets	3,065,759	309,800	677,187	147,173	835,441	5,035,360
Other public works enterprises	-	-	-	-	39,514	39,514
Culture and recreation	1,304,142	-	-	6,216,972	-	7,521,114
Other operating expenditures	490,301	-	-	-	-	490,301
<b>TOTAL EXPENDITURES</b>	<b>18,449,549</b>	<b>2,488,338</b>	<b>677,187</b>	<b>6,364,145</b>	<b>1,083,637</b>	<b>29,062,856</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,332,640</b>	<b>(2,348,432)</b>	<b>(276,401)</b>	<b>(5,373,636)</b>	<b>76,759</b>	<b>(4,589,070)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>						
Operating transfers in	325,459	1,502,183	-	-	-	1,827,642
Operating transfers out	(1,502,183)	-	-	-	-	(1,502,183)
Proceeds from sale of capital assets	-	193,010	-	7,250	-	200,260
Refund of prior year expenditures	338,485	-	-	-	-	338,485
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>(838,239)</b>	<b>1,695,193</b>	<b>-</b>	<b>7,250</b>	<b>-</b>	<b>864,204</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,494,401</b>	<b>(653,239)</b>	<b>(276,401)</b>	<b>(5,366,386)</b>	<b>76,759</b>	<b>(3,724,866)</b>
FUND BALANCE, beginning, before restatement	45,616,594	456,028	829,374	5,918,324	2,195,715	55,016,035
Prior period adjustment	376,257	-	-	-	-	376,257
FUND BALANCE, beginning, as restated	45,992,851	456,028	829,374	5,918,324	2,195,715	55,392,292
<b>FUND BALANCE, ending</b>	<b>\$ 48,487,252</b>	<b>\$ (197,211)</b>	<b>\$ 552,973</b>	<b>\$ 551,938</b>	<b>\$ 2,272,474</b>	<b>\$ 51,667,426</b>

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, 2024**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (3,724,866)**

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	\$ (2,317,479)	
Disposals, net	(126,299)	
Capital outlays	<u>9,460,786</u>	
		7,017,008

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 decreased by this amount this year. (39,258)

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). (28,026)

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	61,383	
PMRS police pension	<u>(3,109,563)</u>	
		<u>(3,048,180)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 176,678**

**UPPER MACUNGIE TOWNSHIP****Statement of Net Position****Proprietary Funds****December 31, 2024**

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,727,138	\$ 184,556	\$ 2,911,694
Investments	25,773,185	2,741,780	28,514,965
Accounts receivable, net	2,092,282	423,821	2,516,103
Prepaid expenses	54,264	27,713	81,977
Due from other funds	69,300	-	69,300
TOTAL CURRENT ASSETS	<u>30,716,169</u>	<u>3,377,870</u>	<u>34,094,039</u>
CAPITAL ASSETS			
Utility system	26,347,774	-	26,347,774
Construction in progress	369,577	-	369,577
Buildings	-	245,983	245,983
Equipment and furniture	3,558,905	1,505,591	5,064,496
	<u>30,276,256</u>	<u>1,751,574</u>	<u>32,027,830</u>
Less: accumulated depreciation	<u>(13,256,804)</u>	<u>(739,307)</u>	<u>(13,996,111)</u>
TOTAL CAPITAL ASSETS, NET	<u>17,019,452</u>	<u>1,012,267</u>	<u>18,031,719</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension	<u>196,889</u>	<u>23,946</u>	<u>220,835</u>
<b>TOTAL ASSETS</b>	<b><u>47,932,510</u></b>	<b><u>4,414,083</u></b>	<b><u>52,346,593</u></b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	2,207,307	211,488	2,418,795
Due to other funds	142,609	1,048,271	1,190,880
TOTAL CURRENT LIABILITIES	<u>2,349,916</u>	<u>1,259,759</u>	<u>3,609,675</u>
NONCURRENT LIABILITIES			
Net pension liability	<u>227,736</u>	<u>27,698</u>	<u>255,434</u>
TOTAL NONCURRENT LIABILITIES	<u>227,736</u>	<u>27,698</u>	<u>255,434</u>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP**

**Statement of Net Position**

**Proprietary Funds**

**December 31, 2024**

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension	<u>142,835</u>	<u>17,373</u>	<u>160,208</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,720,487</u></b>	<b><u>1,304,830</u></b>	<b><u>4,025,317</u></b>
<b>NET POSITION</b>			
Investment in capital assets	17,019,452	1,012,267	18,031,719
Unrestricted	<u>28,192,571</u>	<u>2,096,986</u>	<u>30,289,557</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 45,212,023</u></b>	<b><u>\$ 3,109,253</u></b>	<b><u>\$ 48,321,276</u></b>

**UPPER MACUNGIE TOWNSHIP****Statement of Revenues, Expenses, and Change in Net Position****Proprietary Funds****For the Year Ended December 31, 2024**

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 10,154,578	\$ 2,666,162	\$ 12,820,740
Other operating revenue	9,129	-	9,129
<b>TOTAL OPERATING REVENUE</b>	<u>10,163,707</u>	<u>2,666,162</u>	<u>12,829,869</u>
<b>OPERATING EXPENSES</b>			
Administration	238,020	31,382	269,402
Salaries and wages	453,080	134,163	587,243
Employee benefits	216,895	17,456	234,351
Treatment expenses	8,036,924	-	8,036,924
Depreciation	612,832	153,009	765,841
Contracted services	181,008	2,218,487	2,399,495
Fuel and utilities	63,139	78,544	141,683
Repairs and maintenance	327,148	27,425	354,573
Insurance expense	35,302	79,090	114,392
Supplies expense	22,329	58,185	80,514
Bad debt expense	16,025	-	16,025
<b>TOTAL OPERATING EXPENSES</b>	<u>10,202,702</u>	<u>2,797,741</u>	<u>13,000,443</u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>(38,995)</b></u>	<u><b>(131,579)</b></u>	<u><b>(170,574)</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	1,327,883	154,310	1,482,193
Tapping fees	187,489	-	187,489
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,515,372</u>	<u>154,310</u>	<u>1,669,682</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	1,476,377	22,731	1,499,108
<b>OPERATING TRANSFERS OUT</b>	<u>(171,844)</u>	<u>(153,615)</u>	<u>(325,459)</u>
<b>CHANGE IN NET POSITION</b>	<b>1,304,533</b>	<b>(130,884)</b>	<b>1,173,649</b>
NET POSITION, beginning	43,907,490	3,240,137	47,147,627
<b>NET POSITION, ending</b>	<u><b>\$ 45,212,023</b></u>	<u><b>\$ 3,109,253</b></u>	<u><b>\$ 48,321,276</b></u>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP****Statement of Cash Flows****Proprietary Funds****For the Year Ended December 31, 2024**

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 10,075,266	\$ 3,436,016	\$ 13,511,282
Payments to employees	(669,975)	(151,619)	(821,594)
Payments to suppliers	<u>(8,921,646)</u>	<u>(2,895,129)</u>	<u>(11,816,775)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>483,645</u>	<u>389,268</u>	<u>872,913</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,549,702)	-	(1,549,702)
Tapping fees	187,489	-	187,489
Transfer (to) from other funds	<u>(171,844)</u>	<u>(153,615)</u>	<u>(325,459)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,534,057)</u>	<u>(153,615)</u>	<u>(1,687,672)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(1,935,205)	(1,600,000)	(3,535,205)
Proceeds from sale of investments	692,307	1,152,525	1,844,832
Earnings on investments	<u>1,327,883</u>	<u>154,310</u>	<u>1,482,193</u>
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	<u>84,985</u>	<u>(293,165)</u>	<u>(208,180)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(965,427)</b>	<b>(57,512)</b>	<b>(1,022,939)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning	3,692,565	242,068	3,934,633
Ending	<u>\$ 2,727,138</u>	<u>\$ 184,556</u>	<u>\$ 2,911,694</u>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP****Statement of Cash Flows****Proprietary Funds****For the Year Ended December 31, 2024**

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (38,995)	\$ (131,579)	\$ (170,574)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	612,832	153,009	765,841
Bad debt expense	16,025	-	16,025
(Increase) decrease in assets:			
Accounts receivable	(88,441)	769,854	681,413
Prepaid expenses	(25,948)	(20,611)	(46,559)
Deferred outflows of resources, pension	121,480	5,250	126,730
Increase (decrease) in liabilities:			
Accounts payable and other liabilities	104,572	(642,048)	(537,476)
Due to other funds	(65,888)	258,245	192,357
Net pension liability	(101,607)	(2,505)	(104,112)
Deferred inflows of resources, pension	(50,385)	(347)	(50,732)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 483,645</u>	<u>\$ 389,268</u>	<u>\$ 872,913</u>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2024**

	<u>Pension Trust Fund</u>	<u>Escrow Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 4,203,280	\$ 4,203,280
Investments	10,394,521	-	10,394,521
Accrued interest receivable	4,590	-	4,590
<b>TOTAL ASSETS</b>	<b><u>\$ 10,399,111</u></b>	<b><u>\$ 4,203,280</u></b>	<b><u>\$ 14,602,391</u></b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Payable from restricted assets:			
Escrow deposits	\$ -	\$ 4,099,864	\$ 4,099,864
Due to other funds	-	103,416	103,416
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>4,203,280</u></b>	<b><u>4,203,280</u></b>
<b>NET POSITION</b>			
Net position	10,399,111	-	10,399,111
<b>TOTAL NET POSITION</b>	<b><u>\$ 10,399,111</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,399,111</u></b>

See Notes to Financial Statements.

**UPPER MACUNGIE TOWNSHIP****Statement of Changes in Fiduciary Net Position****Fiduciary Funds****For the Year Ended December 31, 2024**

	<u>Pension Trust Fund</u>	<u>Escrow Fund</u>	<u>Total</u>
Contributions:			
Employer contributions	\$ 775,718	\$ -	\$ 775,718
Escrow deposits	-	4,646,543	4,646,543
	<u>775,718</u>	<u>4,646,543</u>	<u>5,422,261</u>
Investment income:			
Net increase in fair value of investments	660,422	-	660,422
Interest and dividends	253,861	-	253,861
Investment activity expense	(36,184)	-	(36,184)
	<u>878,099</u>	<u>-</u>	<u>878,099</u>
 TOTAL ADDITIONS	 <u>1,653,817</u>	 <u>4,646,543</u>	 <u>6,300,360</u>
 DEDUCTIONS			
Benefits	484,564	-	484,564
Due to escrow	-	4,646,543	4,646,543
	<u>484,564</u>	<u>4,646,543</u>	<u>5,131,107</u>
 TOTAL DEDUCTIONS	 <u>484,564</u>	 <u>4,646,543</u>	 <u>5,131,107</u>
 <b>CHANGE IN NET POSITION</b>	 <b>1,169,253</b>	 <b>-</b>	 <b>1,169,253</b>
 NET POSITION, beginning	 <u>9,229,858</u>	 <u>-</u>	 <u>9,229,858</u>
<b>NET POSITION, ending</b>	<b><u>\$ 10,399,111</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,399,111</u></b>

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 and Custodial 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

## UPPER MACUNGIE TOWNSHIP

### Notes to the Financial Statements

December 31, 2024

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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.

#### **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 and the Open Space Preservation 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.

### 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 four 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:

## UPPER MACUNGIE TOWNSHIP

### Notes to the Financial Statements

December 31, 2024

- 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:

## UPPER MACUNGIE TOWNSHIP

### Notes to the Financial Statements

December 31, 2024

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- 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, 2024, 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, 2024, the Township has established allowance for doubtful accounts in the sewer and refuse fund in the amount of \$156,731 and \$182,196, 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

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

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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:

	<u>Years</u>
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 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, 2024.
- **Unassigned Fund Balances** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Township Board of Supervisors establishes (modifies or rescinds) fund balance

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

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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, Fire Alarm Fund and the Stormwater Maintenance Fund have a net deficit balance at December 31, 2024 and results from the Township not funding 100% of the operating deficit of the fund in the current or past years. The deficit 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 2024, 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, 2024 was \$4,670,125,700.

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 2024 are as follows:

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

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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, 2024, the carrying amount of the Township's deposits was \$10,258,193 and the bank balances were \$12,828,690. Of the bank balances, \$501,633 was covered by federal depository insurance, \$12,327,057 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, 2024, the Township had the following investments and maturities:

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

Investment Type	Investment Maturities (in Years)			
	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 years
PSDLAF:				
Cash and Money Market	\$ 35,963,416	\$ -	\$ -	\$ -
PLGIT:				
Class	11	-	-	-
Prime	19,301,319	-	-	-
Truist Bank:				
Treasury Notes	2,077,213	7,265,536	-	-
Mutual Funds	10,273,265	-	-	-
M&T Bank				
Treasury Bills	11,240,908	-	-	-
	<u>\$ 78,856,132</u>	<u>\$ 7,265,536</u>	<u>\$ -</u>	<u>\$ -</u>

The investments were reported in the following funds:

Governmental Activities:

General Fund	\$ 34,997,704
Special Revenue Funds	2,729,452
Capital Project Funds	9,485,026
	<u>47,212,182</u>

Enterprise Funds:

Sewer Fund	25,773,185
Refuse Fund	2,741,780
	<u>28,514,965</u>

Fiduciary Funds:

Police Pension Trust Fund	10,394,521
	<u>10,394,521</u>

Total \$ 86,121,668

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, 2024, is \$55,264,746. These assets 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:

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

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, U.S. Treasury bonds, state investment pools, corporate bonds, common stock and mutual funds.

No investments were classified as Level 2 or 3 as of December 31, 2024.

The following tables summarize the Township's investments measured by the hierarchy levels as of December 31, 2024:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
PSDLAF:				
Cash and Money Market	\$ 35,963,416	\$ 35,963,416	\$ -	\$ -
PLGIT:				
Class	11	11	-	-
Prime	19,301,319	19,301,319	-	-
Truist Bank:				
Treasury Notes	9,342,749	9,342,749	-	-
Mutual Funds	10,273,265	10,273,265	-	-
M&T Bank				
Treasury Bills	11,240,908	11,240,908	-	-
	<u>\$ 86,121,668</u>	<u>\$ 86,121,668</u>	<u>\$ -</u>	<u>\$ -</u>

The Township's Nonuniformed Employees' Pension Plan consisted entirely of Level 1 mutual funds as of December 31, 2024.

**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, 2024 are as follows:

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
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	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 5,230,658	\$ -
Special Revenue Funds:		
Stormwater Maintenance Fund	-	29,111
Fire Alarm Fund	-	472,118
Highway Aid Fund	879,995	-
Capital Project Fund:		
Capital Equipment Fund	12,923	4,928,404
Traffic Improvement Fund	-	2,189,447
Recreation Capital Fund	2,720,500	-
Enterprise Funds:		
Sewer Fund	69,300	142,609
Refuse Fund	-	1,048,271
Fiduciary Funds:		
Escrow Fund	<u>-</u>	<u>103,416</u>
 Total	 <u>\$ 8,913,376</u>	 <u>\$ 8,913,376</u>

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.

Interfund transfers at December 31, 2024, are as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 325,459	\$ 1,502,183
Capital Project Fund:		
Capital Equipment Fund	1,502,183	-
Enterprise Funds:		
Sewer Fund	-	171,844
Refuse Fund	<u>-</u>	<u>153,615</u>
	 <u>\$ 1,827,642</u>	 <u>\$ 1,827,642</u>

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.

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

**NOTE 5. CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2024 was as follows:

	Balance Jan 1, 2024	Additions	Transfers/ Deletions	Balance Dec 31, 2024
<b>Government Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 9,400,396	\$ -	\$ -	\$ 9,400,396
Construction in progress	4,585,468	7,349,935	(1,957,825)	9,977,578
	<u>13,985,864</u>	<u>7,349,935</u>	<u>(1,957,825)</u>	<u>19,377,974</u>
Capital assets, depreciable:				
Land improvements	5,824,782	-	225,281	6,050,063
Buildings and improvements	12,522,434	22,654	485,995	13,031,083
Machinery, equipment and vehicles	14,411,821	1,977,519	(817,428)	15,571,912
Infrastructure assets	41,960,893	110,678	1,246,549	43,318,120
	<u>74,719,930</u>	<u>2,110,851</u>	<u>1,140,397</u>	<u>77,971,178</u>
Less accumulated depreciation:				
Land improvements	(4,359,670)	(134,711)	-	(4,494,381)
Buildings and improvements	(4,261,469)	(315,523)	-	(4,576,992)
Machinery, equipment and vehicles	(9,130,946)	(831,765)	691,129	(9,271,582)
Infrastructure assets	(30,503,894)	(1,035,480)	-	(31,539,374)
	<u>(48,255,979)</u>	<u>(2,317,479)</u>	<u>691,129</u>	<u>(49,882,329)</u>
Governmental activities capital assets, net	<u>\$40,449,815</u>	<u>\$ 7,143,307</u>	<u>\$ (126,299)</u>	<u>\$47,466,823</u>
	Balance Jan 1, 2024	Additions	Transfers/ Deletions	Balance Dec 31, 2024
<b>Business-Type Activities</b>				
Capital assets, non-depreciable:				
Construction in progress	\$ 2,317,513	\$ 1,418,634	\$ (3,366,570)	\$ 369,577
	<u>2,317,513</u>	<u>1,418,634</u>	<u>(3,366,570)</u>	<u>369,577</u>
Capital assets, depreciable:				
Sewer collection system infrastructure	22,981,214	-	3,366,560	26,347,774
Buildings	245,983	-	-	245,983
Machinery and equipment	697,748	-	-	697,748
Vehicles	3,997,290	131,068	-	4,128,358
Office equipment and furniture	238,390	-	-	238,390
	<u>28,160,625</u>	<u>131,068</u>	<u>3,366,560</u>	<u>31,658,253</u>
Less accumulated depreciation:				
Sewer collection system infrastructure	(9,893,496)	(426,466)	2	(10,319,960)
Buildings	(77,552)	(12,299)	-	(89,851)
Machinery and equipment	(670,717)	(14,656)	1	(685,372)
Vehicles	(2,351,249)	(311,348)	58	(2,662,539)
Office equipment and furniture	(237,317)	(1,072)	-	(238,389)
	<u>(13,230,331)</u>	<u>(765,841)</u>	<u>61</u>	<u>(13,996,111)</u>
Business-type activities capital assets, net	<u>\$17,247,807</u>	<u>\$ 783,861</u>	<u>\$ 51</u>	<u>\$18,031,719</u>

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
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Depreciation expense was charged to governmental functions as follows:

**Governmental activities:**

General government	\$ 71,205
Public safety	717,489
Public works, highways and streets	1,242,927
Culture and recreation	<u>285,858</u>

Total depreciation expense, governmental activities	<u>\$ 2,317,479</u>
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**Business-type activities:**

Refuse fund	\$ 153,009
Sewer fund	<u>612,832</u>

Total depreciation expense, business-type activities	<u>\$ 765,841</u>
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**NOTE 6. 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, 2024, plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	29
Inactive members entitled to but not yet receiving benefits	15
Active members	<u>38</u>
	<u>82</u>

**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,

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
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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 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 \$775,718 to the plan for the year 2024.

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, 2024, 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, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 9.85%. 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, 2024, were as follows:

Total pension liability	\$ 11,785,164
Plan fiduciary net position	<u>(10,402,627)</u>
Net pension liability	<u>\$ 1,382,537</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.3%</u>

**Actuarial Assumptions** – The net pension liability was measured as of December 31, 2024, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. 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

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
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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, 2024 (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**

**UPPER MACUNGIE TOWNSHIP**  
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	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A-B)
	<u>(A)</u>	<u>(B)</u>	<u>(A-B)</u>
Balances, December 31, 2023	\$ 11,110,900	\$ 9,265,946	\$ 1,844,954
Changes for the year:			
Service cost	319,704	-	319,704
Interest	839,124	-	839,124
Contributions, employer	-	775,718	(775,718)
Net investment income	-	845,527	(845,527)
Benefit payments	<u>(484,564)</u>	<u>(484,564)</u>	<u>-</u>
Net changes	<u>674,264</u>	<u>1,136,681</u>	<u>(462,417)</u>
Balances at December 31, 2024	<u>\$ 11,785,164</u>	<u>\$ 10,402,627</u>	<u>\$ 1,382,537</u>

**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%
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$ 2,727,720	\$ 1,382,537	\$ 233,667

**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 \$686,221 for the Nonuniformed Employees' 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:

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 111,851	\$ 316,961
Change of actuarial assumptions	181,781	-
Net difference between projected and actual earnings on pension plan investments	<u>901,638</u>	<u>550,162</u>
	<u>\$ 1,195,270</u>	<u>\$ 867,123</u>

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	
2025	\$ 306,624
2026	349,019
2027	(232,898)
2028	(100,886)
2029	<u>6,288</u>
	<u>\$ 328,147</u>

**NOTE 7. 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, 2023:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>29</u>
	<u>45</u>

**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 2023 and 2022. 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

**UPPER MACUNGIE TOWNSHIP**  
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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 \$585,334 to the Plan for the year 2024.

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, 2023 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%	5.18%
International equities (emerging markets)	3.0%	5.89%
Global equities	5.0%	4.11%
Real estate	10.0%	3.88%
Timber	5.0%	3.25%
Fixed income (Core investment Grade)	24.0%	2.51%
Fixed income (Opportunistic Credit)	5.0%	4.45%
Cash	<u>1.0%</u>	0.89%
Total portfolio	<u>100%</u>	

Based on the aforementioned methodology, the Board established the System’s Long-Term Expected Rate of Return at 7.31%.

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, 2023, this rate is equal to 5.25%.

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Investments are reported at quoted market price. The plan's fair value of investments as of December 31, 2023 was \$17,148,105. 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, 2023, none of the plan's individual investments exceeded 5.0% of the total portfolio.

**Net Pension Liability of the Township**

Total pension liability	\$ 18,407,429
Plan fiduciary net position	<u>(17,148,105)</u>
 Net pension liability	 <u>\$ 1,259,324</u>
 Plan fiduciary net position as a percentage of the total pension liability	  <u>93%</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of January 1, 2023, 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, 2023, valuation were based on the PMRS Experience Study completed in 2020, as well as subsequent Board approved changes, including the decrease in the regular interest rate to 5.25% for the January 1, 2017 valuation.

**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

**UPPER MACUNGIE TOWNSHIP**  
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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 Rate of Return, and
- v. PMRS administrative expenses.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A-B)
Balances, December 31, 2022	\$ 16,623,930	\$ 15,182,694	\$ 1,441,236
Changes for the year:			
Service cost	587,384	-	587,384
Interest	922,915	-	922,915
Changes in benefits	529,386	-	529,386
Contributions, employer	-	426,747	(426,747)
Contributions, employee	-	150,859	(150,859)
Net investment income	-	1,689,492	(1,689,492)
Benefit payments	(256,186)	(256,186)	-
Administrative expense	-	(45,501)	45,501
Net changes	<u>1,783,499</u>	<u>1,965,411</u>	<u>(181,912)</u>
Balances at December 31, 2023	<u>\$ 18,407,429</u>	<u>\$ 17,148,105</u>	<u>\$ 1,259,324</u>

**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 5.25%, 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 (4.25%) or one percentage point higher (6.25%) than the current rate:

**UPPER MACUNGIE TOWNSHIP**  
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	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability (Asset)	\$ 4,562,625	\$ 1,259,324	\$ (1,394,219)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2023, the Township recognized pension expense of \$802,483 for the Police Pension Plan. At December 31, 2023, 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	\$ 57,689	\$ 727,381
Changes in assumptions	97,086	69,439
Net difference between projected and actual investment earnings on pension plan investments	-	218,878
Contributions subsequent to the measurement date	-	585,334
	<u>\$ 154,775</u>	<u>\$ 1,601,032</u>

\$585,334 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, 2025.

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	
2024	\$ 2,190
2025	257,610
2026	474,416
2027	(78,617)
2028	100,090
Thereafter	105,234
	<u>\$ 860,923</u>

**NOTE 8. 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 2024 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 \$35,576 to the Plan based on compensation of \$510,174 for the year ended December 31, 2024. At year end the plan had seven participants.

**NOTE 9. 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 10. RISK MANAGEMENT**

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

The Township participates in state and county assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these, grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

**NOTE 11. GRANT FUNDS NOT SPENT**

The American Rescue Plan (ARP) Act was passed in February 2021. In June 2021, the Township was awarded \$2,637,769 under the ARP Act passed through the Pennsylvania Office of the Budget. During 2022, the Township was awarded an additional \$8,340. As of December 31, 2024, the Township received all of the \$2,646,108 in ARP Funds, of which \$814,332 of this grant was unspent and included as a liability on the Township's General

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

Fund. The remaining \$814,332 balance of the funds has been committed to specific projects and the Township fully expects to spend the remaining funds as of December 31, 2026.

**NOTE 12. 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, 2024, the present value of the lease receivable is \$334,557. The Township recognized lease revenue of \$25,373 during 2024. 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, 2024, the present value of the lease receivable is \$3,286,345. The Township recognized lease revenue of \$428,349 during 2024. 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, 2024 is as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 258,120	\$ 218,632	\$ 476,752
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 - 2034	1,981,841	351,426	2,333,267
2035 - 2039	156,051	18,943	174,994
2040	<u>3,075</u>	<u>-</u>	<u>3,075</u>
	<u>\$ 3,620,902</u>	<u>\$ 1,280,861</u>	<u>\$4,901,763</u>

**UPPER MACUNGIE TOWNSHIP**  
**Notes to the Financial Statements**  
**December 31, 2024**

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**NOTE 13. PRIOR PERIOD ADJUSTMENT**

In accordance with GASB 101, the Township has determined that only the portion of the liability for compensated absences that will be liquidated with expendable available financial resources should be reported in governmental funds; the remainder should be reported as a general long-term liability in the governmental activities column in the government-wide statement of net position. As a result, the Township has restated beginning balances as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Governmental Funds:			
General Fund	\$ 45,616,594	\$ 376,257	\$ 45,992,851

**NOTE 14. SUBSEQUENT EVENTS**

The Township has evaluated subsequent events and transactions for potential recognition and disclosure through September 23, 2025, which is the date the financial statements were available to be issued.

In June 2025, the Township authorized the sale of bonds in the amount of \$25,000,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**UPPER MACUNGIE TOWNSHIP****Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2024**

	<b>Original and Final Budget (Unaudited)</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 12,495,000	\$ 14,572,472	\$ 2,077,472
Licenses and permits	18,400	12,576	(5,824)
Fines and forfeits	137,000	143,273	6,273
Interest, rents and royalties	2,333,670	2,478,025	144,355
Intergovernmental	1,090,584	1,617,842	527,258
Charges for services	2,151,300	2,909,306	758,006
Miscellaneous	7,500	48,695	41,195
	<u>18,233,454</u>	<u>21,782,189</u>	<u>3,548,735</u>
<b>EXPENDITURES</b>			
General government	2,096,193	1,822,334	273,859
Public safety	10,624,241	11,767,013	(1,142,772)
Public works, highways and streets	3,235,777	3,065,759	170,018
Culture and recreation	1,624,783	1,304,142	320,641
Other operating expenditures	-	490,301	(490,301)
	<u>17,580,994</u>	<u>18,449,549</u>	<u>(868,555)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>652,460</u>	<u>3,332,640</u>	<u>2,680,180</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	749,623	325,459	(424,164)
Operating transfers out	(1,602,083)	(1,502,183)	99,900
Refund of prior year expenditures	200,000	338,485	138,485
	<u>(652,460)</u>	<u>(838,239)</u>	<u>(185,779)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>2,494,401</b>	<b>2,494,401</b>
FUND BALANCE, beginning, before restatement	45,616,594	45,616,594	-
Prior period adjustment	-	376,257	376,257
FUND BALANCE, beginning, as restated	<u>45,616,594</u>	<u>45,992,851</u>	<u>376,257</u>
<b>FUND BALANCE, ENDING</b>	<b><u>\$ 45,616,594</u></b>	<b><u>\$ 48,487,252</u></b>	<b><u>\$ 2,870,658</u></b>

**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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 319,704	\$ 304,480	\$ 342,737	\$ 326,416	\$ 320,013	\$ 304,774	\$ 259,688	\$ 247,322	\$ 205,872	\$ 196,069
Interest	839,124	790,563	741,667	694,842	696,219	655,455	564,932	538,719	490,504	468,561
Changes of benefits	-	-	(435,419)	(633,925)	-	55,461	-	332,740	-	(365,122)
Changes of experience	-	44,016	-	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	727,127	-	-	-	-
Benefit payments	(484,564)	(441,011)	-	(391,058)	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)	(356,284)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	674,264	698,048	648,985	(3,725)	593,139	1,302,004	374,806	670,800	288,942	(56,776)
TOTAL PENSION LIABILITY, BEGINNING	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	6,594,677
<b>TOTAL PENSION LIABILITY, ENDING</b>	<b>\$ 11,785,164</b>	<b>\$ 11,110,900</b>	<b>\$ 10,412,852</b>	<b>\$ 9,763,867</b>	<b>\$ 9,767,592</b>	<b>\$ 9,174,453</b>	<b>\$ 7,872,449</b>	<b>\$ 7,497,643</b>	<b>\$ 6,826,843</b>	<b>\$ 6,537,901</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions, employer	\$ 775,718	\$ 530,592	\$ 533,766	\$ 638,436	\$ 435,746	\$ 426,885	\$ 334,212	\$ 315,529	\$ 295,561	\$ 380,731
Net investment income (loss)	845,527	1,257,343	(1,547,776)	842,176	918,397	1,125,471	(391,941)	749,554	303,205	(37,799)
Benefit payments, including refunds	(484,564)	(441,011)	(435,419)	(391,058)	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)	(356,284)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	1,136,681	1,346,924	(1,449,429)	1,089,554	931,050	1,111,543	(507,543)	617,102	191,332	(13,352)
PLAN FIDUCIARY NET POSITION, BEGINNING	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	5,948,765
<b>PLAN FIDUCIARY NET POSITION, ENDING</b>	<b>\$ 10,402,627</b>	<b>\$ 9,265,946</b>	<b>\$ 7,919,022</b>	<b>\$ 9,368,451</b>	<b>\$ 8,278,897</b>	<b>\$ 7,347,847</b>	<b>\$ 6,236,304</b>	<b>\$ 6,743,847</b>	<b>\$ 6,126,745</b>	<b>\$ 5,935,413</b>
<b>NET PENSION LIABILITY, ENDING</b>	<b>\$ 1,382,537</b>	<b>\$ 1,844,954</b>	<b>\$ 2,493,830</b>	<b>\$ 395,416</b>	<b>\$ 1,488,695</b>	<b>\$ 1,826,606</b>	<b>\$ 1,636,145</b>	<b>\$ 753,796</b>	<b>\$ 700,098</b>	<b>\$ 602,488</b>
Plan fiduciary net position as a percentage of total pension liability	88.27%	83.40%	76.05%	95.95%	84.76%	80.09%	79.22%	89.95%	89.74%	90.78%
<b>COVERED EMPLOYEE PAYROLL</b>	<b>\$ 2,731,324</b>	<b>\$ 2,881,236</b>	<b>\$ 2,789,944</b>	<b>\$ 2,759,291</b>	<b>\$ 2,472,729</b>	<b>\$ 2,545,135</b>	<b>\$ 2,447,739</b>	<b>\$ 2,412,665</b>	<b>\$ 2,154,016</b>	<b>\$ 1,973,790</b>
Net pension liability as a percentage of covered employee payroll	50.62%	64.03%	89.39%	14.33%	60.20%	71.77%	66.84%	31.24%	32.50%	30.52%

**UPPER MACUNGIE TOWNSHIP****Required Supplementary Information****Schedule of Nonuniformed Employees' Pension Plan Contributions****Last Ten Fiscal Years**

<b>Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions from Employer</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions Recognized by Plan as a % of Covered Employee Payroll</b>
2015	\$ 380,731	\$ 380,731	\$ -	\$ 1,973,790	19.29%
2016	29,551	29,551	-	2,154,016	1.37%
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%
2023	525,718	775,718	(250,000)	2,731,324	28.40%

UPPER MACUNGIE TOWNSHIP

Schedule of Nonuniformed Employees' 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	9.85%	15.64%	-16.48%	10.43%	11.66%	16.85%	-5.45%	11.51%	5.38%	-0.13%

**UPPER MACUNGIE TOWNSHIP**

**Schedule of Nonuniformed Employees' Pension Plan Contributions**

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**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:	7 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-2020 to reflect mortality improvement

Changes in benefit terms: None since 1/1/2021

UPPER MACUNGIE TOWNSHIP

Schedule of Changes in Police Pension Plan Net Pension Liability and Related Ratios (Unaudited)  
Last Ten Fiscal Years

	Measurement Year *									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 587,384	\$ 580,801	\$ 527,324	\$ 507,780	\$ 471,970	\$ 446,322	\$ 438,224	\$ 373,469	\$ 417,730	\$ 393,631
Interest	922,915	793,728	713,286	617,635	574,020	523,698	486,959	448,045	431,789	348,892
Difference between expected and actual experience	-	841,900	-	17,829	-	198,871	-	98,811	(22,879)	(588,800)
Changes of benefits	529,386	-	483,439	978,288	-	-	-	-	-	-
Change of assumptions	-	-	-	(64,153)	-	-	-	347,207	(337,961)	-
Transfers	-	-	-	-	-	-	-	-	-	2,982,990
Benefit payments	(256,186)	(257,359)	(233,537)	(275,937)	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)	(159,142)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>1,783,499</b>	<b>1,959,070</b>	<b>1,490,512</b>	<b>1,781,442</b>	<b>819,242</b>	<b>923,798</b>	<b>703,034</b>	<b>1,082,977</b>	<b>329,449</b>	<b>2,977,571</b>
TOTAL PENSION LIABILITY, BEGINNING	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	4,556,835
<b>TOTAL PENSION LIABILITY, ENDING</b>	<b>\$ 18,407,429</b>	<b>\$ 16,623,930</b>	<b>\$ 14,664,860</b>	<b>\$ 13,174,348</b>	<b>\$ 11,392,906</b>	<b>\$ 10,573,664</b>	<b>\$ 9,649,866</b>	<b>\$ 8,946,832</b>	<b>\$ 7,863,855</b>	<b>\$ 7,534,406</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributors:										
Employer	\$ 426,747	\$ 262,836	\$ 229,209	\$ 248,064	\$ 265,287	\$ 315,533	\$ 290,684	\$ 529,685	\$ 491,459	\$ 1,368,386
Member	150,859	146,465	129,375	116,131	102,997	84,380	70,994	75,895	105,289	95,575
Net investment income (loss)	1,689,492	(1,906,282)	1,845,491	1,664,329	2,303,414	(635,337)	1,696,674	636,045	(61,341)	120,496
Transfers	-	-	-	-	-	-	-	-	-	4,471,787
Benefit payments, including refunds of member contributions	(256,186)	(257,359)	(233,537)	(275,937)	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)	(159,142)
Administrative expense	(45,501)	(40,324)	(40,545)	(29,393)	(22,049)	(25,981)	(25,075)	(25,827)	(19,784)	(8,401)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,965,411</b>	<b>(1,794,664)</b>	<b>1,929,993</b>	<b>1,723,194</b>	<b>2,422,901</b>	<b>(506,498)</b>	<b>1,811,128</b>	<b>1,031,243</b>	<b>356,393</b>	<b>5,888,701</b>
PLAN FIDUCIARY NET POSITION, BEGINNING	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	2,320,303
<b>PLAN FIDUCIARY NET POSITION, ENDING</b>	<b>\$ 17,148,105</b>	<b>\$ 15,182,694</b>	<b>\$ 16,977,358</b>	<b>\$ 15,047,365</b>	<b>\$ 13,324,171</b>	<b>\$ 10,901,270</b>	<b>\$ 11,407,768</b>	<b>\$ 9,596,640</b>	<b>\$ 8,565,397</b>	<b>\$ 8,209,004</b>
<b>NET PENSION LIABILITY (ASSET), ENDING</b>	<b>\$ 1,259,324</b>	<b>\$ 1,441,236</b>	<b>\$ (2,312,498)</b>	<b>\$ (1,873,017)</b>	<b>\$ (1,931,265)</b>	<b>\$ (327,606)</b>	<b>\$ (1,757,902)</b>	<b>\$ (649,808)</b>	<b>\$ (701,542)</b>	<b>\$ (674,598)</b>
Plan fiduciary net position as a percentage of total pension liability (asset)	93.16%	91.33%	115.77%	114.22%	116.95%	103.10%	118.22%	107.26%	108.92%	108.95%
COVERED EMPLOYEE PAYROLL	\$ 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	\$ 2,105,760
Net pension liability (asset) as a percentage of covered employee payroll	41.74%	49.20%	-83.51%	-67.61%	-75.00%	-13.59%	-74.26%	-30.25%	-33.32%	-32.04%

**UPPER MACUNGIE TOWNSHIP****Schedule of Police Pension Plan Contributions (Unaudited)****Last Ten Fiscal Years**

<b>Measurement Year *</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions Recognized by Plan as a % of Covered Employee Payroll</b>
2014	\$ 403,119	\$ 1,368,386	\$ (965,267)	\$ 1,880,292	72.78%
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%

UPPER MACUNGIE TOWNSHIP

Schedule of Police Pension Plan Investment Returns (Unaudited)

Last Ten Fiscal Years

	Measurement Year *									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expense	7.31%	7.43%	7.42%	7.80%	6.70%	7.00%	17.84%	8.23%	-0.27%	unavailable

## UPPER MACUNGIE TOWNSHIP

### Schedule of Police Pension Plan Contributions (Unaudited)

#### Notes to Schedule

Actuarial valuation date	January 1, 2023
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
Post-Retirement Mortality	Males: RP 2006 annuitant male table Females: RP 2006 annuitant female table
Significant Plan Changes:	None
Significant Assumption Changes:	
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, 2024

	<u>Stormwater Maintenance Fund</u>	<u>Fire Alarm Fund</u>	<u>Highway Aid Fund</u>	<u>Open Space Preservation Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,921	\$ -	\$ -	\$ 5,356	\$ 33,277
Investments	-	-	1,776,577	952,875	2,729,452
Accounts receivable	-	10,860	-	-	10,860
Due from other funds	-	-	879,995	-	879,995
<b>TOTAL ASSETS</b>	<b><u>\$ 27,921</u></b>	<b><u>\$ 10,860</u></b>	<b><u>\$ 2,656,572</u></b>	<b><u>\$ 958,231</u></b>	<b><u>\$ 3,653,584</u></b>
<b>LIABILITIES</b>					
Cash deficit	\$ -	\$ 56,771	\$ 819,857	\$ -	\$ 876,628
Accounts payable	3,253	-	-	-	3,253
Due to other funds	29,111	472,118	-	-	501,229
<b>TOTAL LIABILITIES</b>	<b><u>32,364</u></b>	<b><u>528,889</u></b>	<b><u>819,857</u></b>	<b><u>-</u></b>	<b><u>1,381,110</u></b>
<b>FUND BALANCES</b>					
Restricted for:					
Road and street improvements	-	-	1,836,715	-	1,836,715
Assigned to:					
Open space preservation	-	-	-	958,231	958,231
Unassigned (deficit)	<u>(4,443)</u>	<u>(518,029)</u>	<u>-</u>	<u>-</u>	<u>(522,472)</u>
<b>TOTAL FUND BALANCES</b>	<b><u>(4,443)</u></b>	<b><u>(518,029)</u></b>	<b><u>1,836,715</u></b>	<b><u>958,231</u></b>	<b><u>2,272,474</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 27,921</u></b>	<b><u>\$ 10,860</u></b>	<b><u>\$ 2,656,572</u></b>	<b><u>\$ 958,231</u></b>	<b><u>\$ 3,653,584</u></b>

**UPPER MACUNGIE TOWNSHIP**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds  
For the Year Ended December 31, 2024**

	<b>Stormwater Maintenance Fund</b>	<b>Fire Alarm Fund</b>	<b>Highway Aid Fund</b>	<b>Open Space Preservation Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Interest, rents and royalties	\$ 154	\$ 431	\$ 126,900	\$ 47,822	\$ 175,307
Intergovernmental	-	-	907,922	-	907,922
Charges for services	-	77,167	-	-	77,167
<b>TOTAL REVENUE</b>	<b>154</b>	<b>77,598</b>	<b>1,034,822</b>	<b>47,822</b>	<b>1,160,396</b>
<b>EXPENSES</b>					
General government	-	-	7,035	-	7,035
Public safety	-	201,647	-	-	201,647
Public works - highways and streets	-	-	835,441	-	835,441
Public works - other services	39,514	-	-	-	39,514
<b>TOTAL EXPENSES</b>	<b>39,514</b>	<b>201,647</b>	<b>842,476</b>	<b>-</b>	<b>1,083,637</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(39,360)</b>	<b>(124,049)</b>	<b>192,346</b>	<b>47,822</b>	<b>76,759</b>
FUND BALANCE, BEGINNING	34,917	(393,980)	1,644,369	910,409	2,195,715
<b>FUND BALANCE, ENDING</b>	<b>\$ (4,443)</b>	<b>\$ (518,029)</b>	<b>\$ 1,836,715</b>	<b>\$ 958,231</b>	<b>\$ 2,272,474</b>