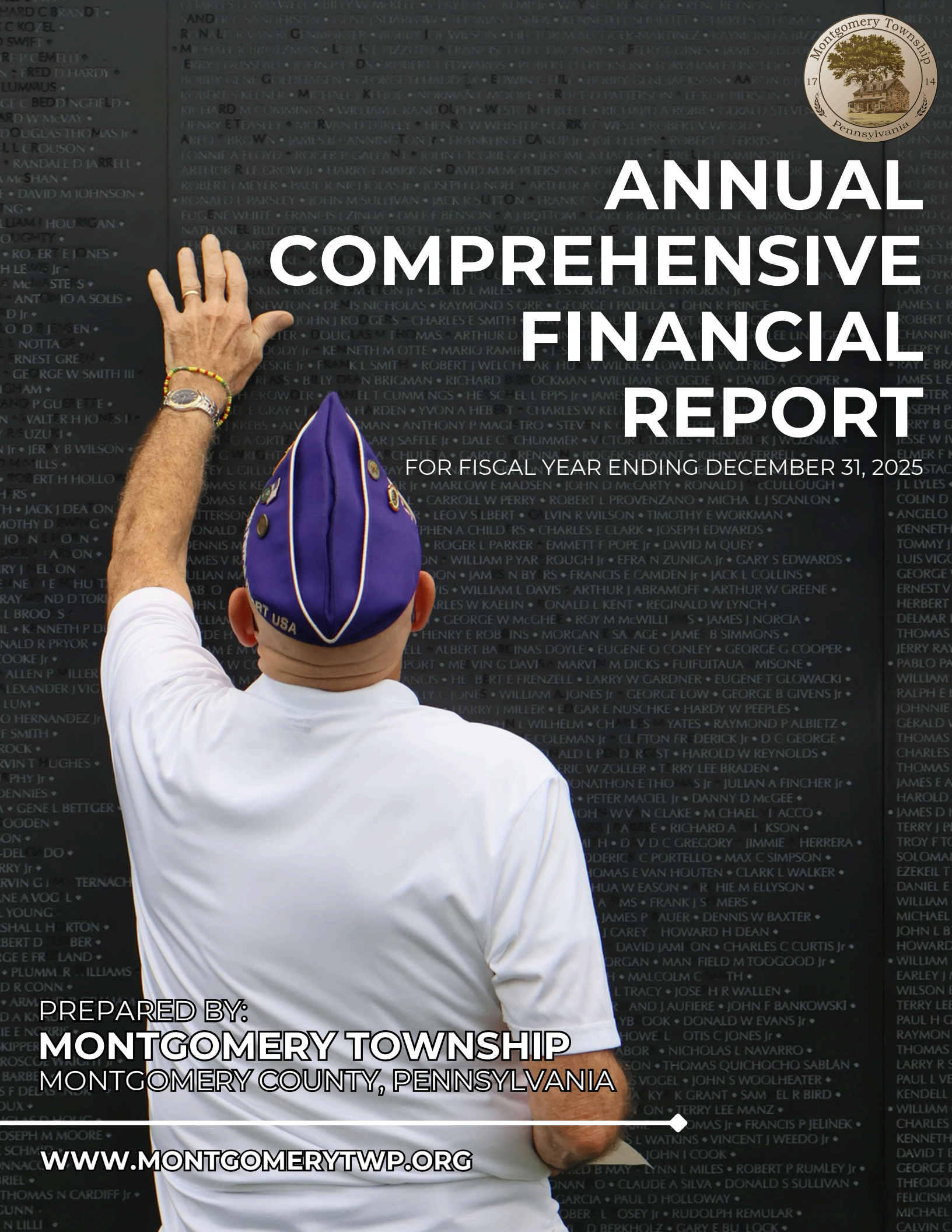


ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDING DECEMBER 31, 2025

PREPARED BY:

MONTGOMERY TOWNSHIP

MONTGOMERY COUNTY, PENNSYLVANIA

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MONTGOMERY TOWNSHIP, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended December 31, 2025

Prepared by the Montgomery Township Finance Department

Maillie®
ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

MONTGOMERY TOWNSHIP
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BETH A. STAAB
AUDREY R. WARE-JONES

CAROLYN MCCREARY
TOWNSHIP MANAGER

June 10, 2026

To the Board of Supervisors and Residents of Montgomery Township:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of Montgomery Township for the fiscal year ending December 31, 2025. The financial statements contained within the report are presented in accordance with generally accepted accounting principles by a firm of licensed certified public accountants.

This report was prepared by the Finance Department of Montgomery Township, which is responsible for the accuracy, completeness, and fairness of the data presented, including all disclosures. To the best of our knowledge, the information presented in this report is accurate in all material respects. It is reported in a manner designed to fairly represent the financial position and results of operations of the funds and component units of Montgomery Township. All disclosures necessary to enable the reader to understand Montgomery Township's activities have been included.

Maillie LLP, a firm of licensed, certified public accountants, audits the Township's financial statements and has issued an unmodified ("clean") opinion on Montgomery Township's financial statements for the year ended December 31, 2025. The independent auditor's report is located at the front of the Financial Section of this report.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Montgomery Township's MD&A can be found immediately following the independent auditors' report.

Profile of the Township
Montgomery Township is a 10.8 square mile community located in the North Penn area of eastern Montgomery County. The Township is approximately 13 miles from the City of

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TOWNSHIP MANAGER

Philadelphia. It is a diverse and dynamic suburb with an excellent mix of housing and employment opportunities, making it consistently one of the most desirable places in the region to live, work and recreate.

Incorporated in 1714, the Township was originally a rural-residential community but experienced rapid residential growth in the past 35 years, more than quadrupling its population from 5,718 in 1980 to 26,076 in 2024 (US Census estimate). While primarily an affluent residential suburb of Philadelphia, the Township is a center for retail sales and has several major retail centers. There are three thriving industrial and manufacturing centers located in the Township: The Bethlehem Pike Industrial Center, Montgomeryville Industrial Center, and the Hartman Corporate Center. Montgomery retains its suburban character with a wide range of well-established residential neighborhoods despite a strong business presence.

The Township is governed by a five-member elected Board of Supervisors that serves as the Township's legislative and policymaking body. The board members are elected at large to staggered six-year terms. The Board of Supervisors is assisted by a full-time appointed Township Manager, who is responsible for the day-to-day operations of the Township.

The Township provides a full range of municipal services. The public safety programs include police, fire protection, building inspection, planning, zoning, emergency management, and code enforcement. Public works programs include street maintenance and repair, street lighting, snow removal, traffic signalization, street markings, storm sewer and stormwater basin maintenance, and maintenance of building and park facilities. In addition to the Community & Recreation Center, the Township owns and maintains numerous community and neighborhood parks and nature areas and holds an annual autumn festival, Stars, Stripes and Remembrance and free concerts on the lawn of our community and recreation center.

Services in the Township are also provided by component units. Component units are legally separate entities for which Montgomery Township is financially accountable and are, therefore, included in this report. The following entities are considered component units of Montgomery Township for financial reporting purposes.

- The Montgomery Township Municipal Sewer Authority was established in 1986 to finance the Township's sewage collection and treatment facilities. A five-member board, appointed by the Township's Board of Supervisors, governs this Utility Authority.
- The volunteer Fire Department of Montgomery Township serves in combination with the Department of Fire Services to provide 24/7 fire protection services to the Township.

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TOWNSHIP MANAGER

2025 Major Initiatives

In 2025, Montgomery Township provided a range of community events and initiatives that kept residents actively engaged. The Community & Recreation Center saw increased attendance, and the Police and Fire Departments organized numerous events such as National Night Out and children's camps. The township's commitment to excellence was further recognized through its financial management, retaining the AA+ Rating from S&P Global and earning awards from the Government Finance Officers Association (GFOA) for our annual budget, our annual comprehensive financial report (ACFR) and our popular annual financial report (PAFR).

Community Events:

In July, Montgomery Township was honored by the Vietnam Veterans Memorial Fund to be selected as one of 31 locations in the United States to host *the Wall That Heals*, a ¾ replica of the Vietnam Memorial. We estimate that 15,000 visitors came to Windlestrae Park to see the Wall and the mobile education center which included items left at the Wall in Washington D.C. and photos of service members from our area who lost their lives during this war. The Board of Supervisors, Township staff and community members volunteered their time to serving as guides, assisting with finding names on the wall and listening to the stories shared by Vietnam veterans, their families, and friends. It is an experience we will never forget.

- The Community & Recreation Center saw a steady increase in programming and attendance.
- The Police and Fire Departments hosted several community events and initiatives, including:
    - National Night Out
    - Food Drives
    - Fundraisers for Charitable Organizations
    - Citizens Police Academy
    - Jr. Police Academy
    - Jr. Firefighter Camp
    - Drug Take Back Days

- The Shade Tree Commission held its Annual Arbor Day Tree Giveaway, and the Environmental Advisory Committee held its annual Electronics Recycling Event in April.
- The Summer Concert Series returned to the Community & Recreation Center for another season and were well attended by the community.

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TOWNSHIP MANAGER

- Staff planned and participated in Local Government Day, which involved interactive activities to demonstrate the role of local government departments to 100 second grade students from Montgomery Elementary, a local elementary school.
- During 2025, Montgomery Township again hosted blood drives with the American Red Cross.
- The Kids University Summer Camp provided a daily safe and engaging program for 160 children for 8 weeks providing an affordable option for residents needing childcare in the summer months.

Initiatives:

Montgomery Township continued with our podcast series entitled "We Are Montgomery Township hosted by the Township Manager to foster more citizen engagement with our community and to inform residents about a variety of topics.

Montgomery Township continued to make strides in the Ready For 100 initiative, upgrading the original solar powered parking lot lights which are over 10 years old.

The Township continued to upgrade its infrastructure focusing on traffic signals and emergency preemption at key signalized intersections. The Township was awarded a Green Light Go Grant for a traffic signal improvement project at an intersection shared with neighboring Horsham Township along Route 309, a major arterial road.

The Township developed plans for a major park improvement project at Whistlestop Park. The fenced playground includes sensory equipment and equipment that allows children who are physically disabled to be able to play next to their friends and siblings. Outdoor pickleball courts are being added, and a softball field is being updated, and a walking trail will be installed. The redevelopment will also longstanding stormwater management issues. Funding for this project will come primarily from our capital reserves, supplemented by a Department of Conservation and Natural Resource (DCNR) grant and Department of Community Development (DCED) grant from the Commonwealth of Pennsylvania.

Awards

- Montgomery Township Police Department renewed their Accreditation and status as a Premier Agency.

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TOWNSHIP MANAGER

- The Finance Department received the following GFOA awards:
    - **Distinguished Budget Presentation Award:** For the 2024 Annual Budget, recognizing the Township's commitment to effective budget presentation.
    - **Certificate of Achievement for Excellence in Financial Reporting:** For the 2025 Annual Comprehensive Financial Report, reflecting high standards in governmental accounting and financial reporting.
    - **Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award)**: For the Popular Annual Financial Report for the fiscal year ending December 31, 2023, showcasing the Township's dedication to transparent and comprehensive financial reporting.

Local Economy

The Township has a thriving business community with employment estimated at over 19,000, based on the Township's Tax records, making the Township essentially a net importer of jobs. The economic growth in the Township has been driven in large part by business development and strong retail sales. The strength of the local economy can be judged by looking at trends in employment and business tax receipts.

While a downturn in the economy can have a significant impact on employment in municipalities with sizeable retail business centers such as Montgomery Township, the diversity of the Township's major employers and the variety of the Township's revenue streams allow the Township to continue to rank below the state and national averages for unemployment. Montgomery Township ranks as the 8th largest employment center in Montgomery County. As seen in the statistical section of this report, major employers in the Township include a manufacturing company, grocery stores, a construction services company, a large retail sector, and thriving restaurants. In addition to the strong and diverse employment foundation in the Township, the Board of Supervisors' fiscally conservative and progressive approach has given the Township a strong financial base to sustain itself through difficult times.

Earned Income Tax (EIT) continues to be the Township's largest revenue stream, about 37% of total revenues, with a steady growth rate of about 3.5% annually over the last five years. This indicates that township residents continue to earn higher incomes stemming from a stable, growing economy. Fiscal year 2024 saw an increase in EIT revenue of 18%.

The ability of the leadership of the Township to continue to be financially conservative and forward-thinking has created strength for the Township during the past few years of difficult

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CAROLYN MCCREARY
TOWNSHIP MANAGER

economic times. While some of the Township's revenues are dependent upon a strong business community and real estate market, the Board has designed a revenue portfolio that is diversified and proportionate to ensure the stability of the budget during periods of economic downturns. This diversification was a supporting factor when Standard and Poor's issued the Township's AAA credit rating in 2023, the agency's highest rating, assigned to only a handful of municipalities in Pennsylvania.

Long-Term Financial Planning

The Board of Supervisors and Township staff are committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. To accomplish this, the Township regularly evaluates its revenue-generating strategy. The Township has also developed and maintains a multi-year Capital Investment Plan for capital assets and infrastructure improvements. Funding is established by annual allocations to ensure that resources are available in the Township's annual budgets to replace needed capital equipment, resurface deteriorated roadway surfaces, traffic improvements, park facilities, and other capital assets of the Township.

Also, as a part of sound fiscal planning, the Township has adopted the Government Finance Officers Association's recommendation of maintaining an unreserved fund balance in the general fund of no less than ten to fifteen percent of general fund operating revenues. The Township currently maintains a 54.0% unreserved fund balance in the General Fund.

Internal Controls

The management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft, or misuse and for ensuring that adequate accounting data is compiled and maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the Township's objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed its benefit, and

2. The evaluation of cost and benefits requires estimates and judgments by management.

3. All internal accounting control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide

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TOWNSHIP MANAGER

reasonable assurance of proper recording of transactions and maintenance of asset accountability.

In addition to the above controls, the Township maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, including the General, Capital Reserve, Fire Protection, Park and Recreation, Street Light, Highway Aid, Environmental, Replacement Tree, Autumn Festival, Park and Recreation Capital, and Debt Service Funds, are included in the annual appropriation budget, with the only exception being the pension trust funds. The annual budget process officially begins in August with the goal-setting conference between staff and the Township Manager. Throughout September and October, funding requests are submitted and reviewed in public workshop meetings with the Board of Supervisors, culminating with a public hearing and vote for adoption by the governing body in December. The Township's fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at year-end.

Although the Township maintains the legal level of control established by law for its operating budget, the Board of Supervisors has also established an internal budgetary control system at the departmental level. Each department must operate within the annual departmental budget established by the Board of Supervisors.

The department maintains the level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount). Changes to the budget by transfer or supplemental appropriation can only be made after April 1st of the budget year in accordance with the Pennsylvania Second Class Township Code. The Board of Supervisors may increase the amount of any object in the budget through supplemental appropriation contingent upon available revenues. To aid departments in maintaining budgetary control, the Township maintains a purchase order and encumbrance accounting system.

As demonstrated by the statements and schedules included in the financial section of this report, the Township continues to meet its responsibility for sound financial management.

Awards and Acknowledgements

The Government Finance Officer Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery Township for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2025. To be awarded a Certificate of Achievement, a government must publish an easily readable and

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TOWNSHIP MANAGER

efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report (ACFR) continues to meet the Certificate of Achievement Program's requirements, and we are submitting the report to the GFOA to determine its eligibility for the certificate award.

Preparation of this report would have been possible without the efforts of the Finance Department Staff and the other departments of the Township who work together throughout the year to ensure we remain fiscal stewards of taxpayer money.

We sincerely appreciate the continuing trust and support we receive from the Board of Supervisors.

Carolyn McCreary

Carolyn McCreary, ICMA-CM
Township Manager

Blaine Bergey

Blaine Bergey
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery Township
Pennsylvania

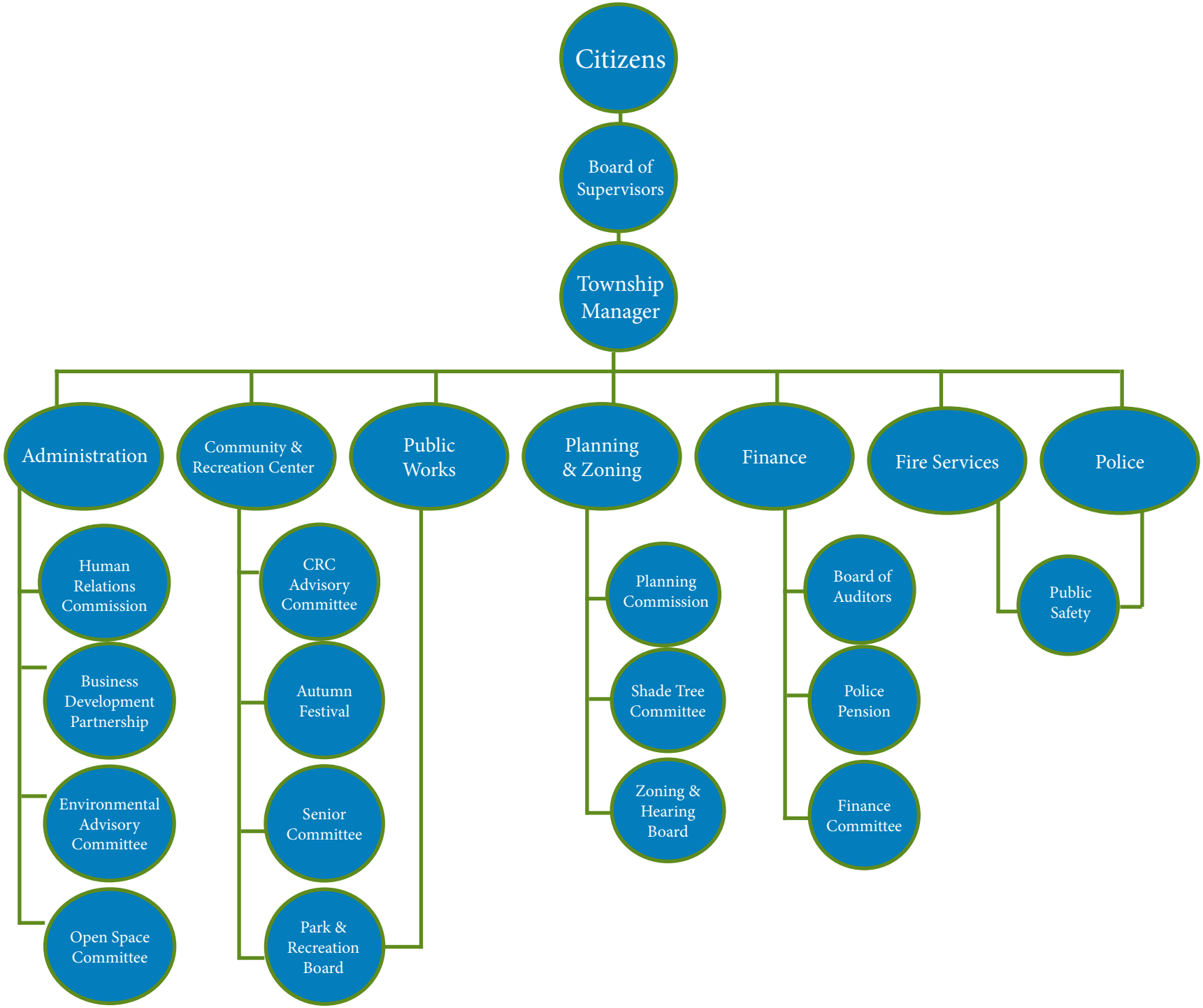
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Organization Chart



PRINCIPAL OFFICIALS

AS OF DECEMBER 31, 2025
MONTGOMERY TOWNSHIP, PENNSYLVANIA

BOARD OF SUPERVISORS

Audrey R. Ware-Jones	Chairwoman
Annette M. Long	Vice Chairwoman
Tanya C. Bamford	
Candyce Fluehr Chimera	
Beth A. Staab	

APPOINTED OFFICIALS

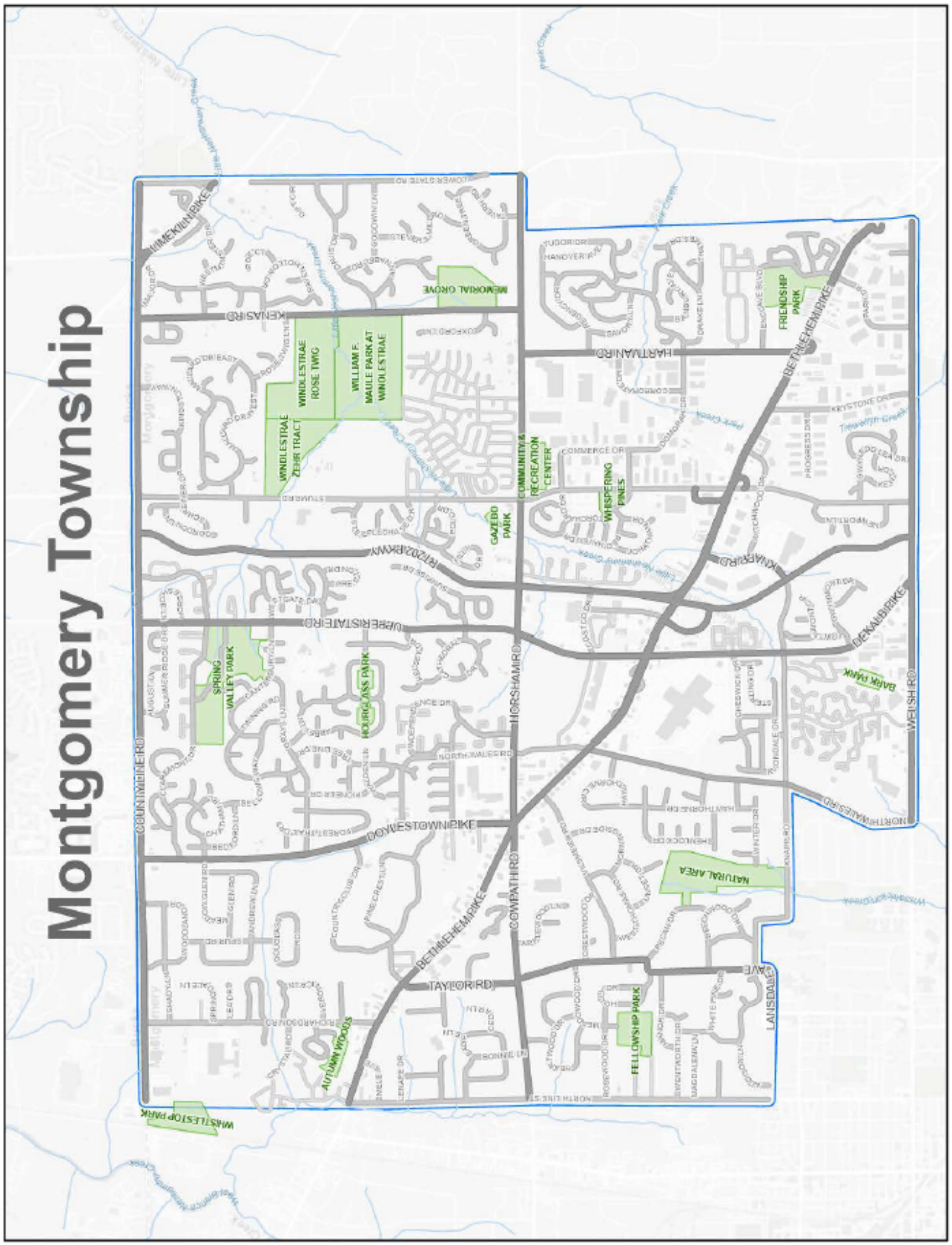
Carolyn McCreary, ICMA-CM		Township Manager
Erik Garton, P.E.	Gilmore & Associates	Township Engineer
Sean Kilkenny, Esquire	Kilkenny Law	Township Solicitor

MANAGEMENT OFFICIALS

William Peoples	Chief of Police
Richard Grier	Director of Information Technology
Marianne McConnell	Director of Planning & Zoning
Gregory Reiff	Director of Public Works
Floyd Shaffer	Director of Recreation & Community Center
Blaine Bergey (Apr - Dec)	Director of Finance
William Wiegman	Fire Chief, Fire Marshal, Emergency Management Coordinator, and EMS Coordinator

OTHERS

Mariner	Police Pension Plan Investment Advisor
Conrad Siegel Actuaries	Pension Plan Actuary
Eckert Seamans Cherin & Mellott, LLC	Labor Law Attorneys
Gilmore & Associates	Traffic Engineer
Gilmore & Associates	Landscape Engineer & Planning Consultant
Mary Kay Kelm, Esquire	Zoning Hearing Board Solicitor
Univest National Bank	Bank Depository


Montgomery Township
SUMNEYTOWN PIKE
KENAS RD
MEMORIAL GROVE
WINDLESTRAE ROSE TWIG
WILLIAM F. MAULE PARK AT WINDLESTRAE
WINDLESTRAE ZEHR TRACT
HARTMAN RD
FRIENDSHIP PARK
BETHLEHEM PIKE
COMMUNITY & RECREATION CENTER
COMMERCE DR
WHISPERING PINES
GAZEBO PARK
RT202 PKWY
KULP RD
UPPER STATE RD
DEKALB PIKE
SPRING VALLEY PARK
HORSHAM RD
WELSH RD
BARK PARK
COUNTRYLINE RD
NORTH WALES RD
SUMNEYTOWN PIKE
NATURAL AREA
BETHLEHEM PIKE
TAYLOR RD
LANSDALE AVE
AUTUMN WOODS
FELLOWSHIP PARK
MASTILESTOP PARK

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500 North Lewis Road, Limerick PA 19468
600 Willowbrook Lane, Suite 624, West Chester, PA 19382
PO Box 11847, Wilmington, DE 19850-1847

Independent Auditors' Report

To the Board of Supervisors
Montgomery Township
Montgomeryville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery Township, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montgomery Township Municipal Sewer Authority (discretely presented component unit), which represents 99.2%, 99.2%, and 92.1%, respectively, of the assets, net position, and revenues of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery Township Municipal Sewer Authority, is based solely on the report of the other auditors.

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 Montgomery 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.

Emphasis of Matter – Correction of an Accounting Error

As disclosed in Note P to the basic financial statements, for the year ended December 31, 2025, Montgomery Township has restated its beginning of year capital assets and net position of the Recreation Center Fund and the business-type activities related to an internal review of its capital assets listing. Our opinion is not modified with respect to this matter.

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 Montgomery 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Montgomery Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery 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 management's discussion and analysis, budgetary comparison information, pension plan information, postemployment benefits other than pension funding progress, and trend data on infrastructure condition on the pages as outlined in the table of contents are to 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 evidence sufficient to express an opinion or provide any assurance.

To the Board of Supervisors
Montgomery Township
Montgomeryville, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery Township's basic financial statements. The general fund schedule of revenues and other financing sources, general fund schedule of functional expenditures by activity and other financing uses, other governmental funds combining balance sheet and combining schedule of revenues, expenditures and changes in fund balances, capital reserve fund budgetary comparison schedule, nonmajor special revenue funds schedule of revenues, expenditures and changes in fund balances--budget and actual, nonmajor capital projects funds schedule of revenues, expenditures and changes in fund balances--budget and actual and nonmajor debt service fund schedule of revenues, expenditures and changes in fund balances--budget and actual are presented for purposes of additional analysis and are not required part of the basic financial statements.

The general fund schedule of revenues and other financing sources, general fund schedule of functional expenditures by activity and other financing uses, other governmental funds combining balance sheet and combining schedule of revenues, expenditures and changes in fund balances, capital reserve fund budgetary comparison schedule, nonmajor special revenue funds schedule of revenues, expenditures and changes in fund balances—budget and actual, nonmajor capital projects funds schedule of revenues, expenditures and changes in fund balances—budget and actual and nonmajor debt service fund schedule of revenues, expenditures and changes in fund balances—budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Limerick, Pennsylvania
June 10, 2026

As management of Montgomery Township, Pennsylvania (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2025.

As with other sections of this financial report, the information contained within this Management Discussion & Analysis (MD&A) should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes to the financial statements and the other required supplementary information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The assets plus deferred outflows of resources of the Township's Governmental Activities exceeded liabilities plus deferred inflows of resources at year-end 2025 by $146,136,722 (net position), an increase of $1,837,853 as compared to 2024.

- Deferred outflows of resources, or the consumption of net assets in one period that are applicable to a future period, totaled $1,188,700 in 2025 as compared to $1,834,796 in 2024.

- Deferred inflows of resources, or the acquisition of net assets in one period that are applicable to a future period, totaled $2,501,658 in 2025 as compared to $1,821,896 in 2024.

- The Township's Governmental Funds reported combined ending balances of $22,995,821 at December 31, 2025, an increase of $221,025 from 2024. The General Fund balance totaled $10,762,843, including $305,070 classified as nonspendable for prepaid items and $10,457,773 classified as unassigned and available in accordance with the Township's fiscal policies. This General Fund unassigned fund balance equals 64.35% of total budgeted General Fund expenditures for 2025. The remaining combined fund balances were classified in accordance with GASB 54.

- The Township's Governmental Debt decreased by $205,219, while the Business-Type Debt decreased by $316,981 during 2025. Further debt information is detailed in Note D Long-Term Debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial view of the Township. The components of the report include the Independent Auditors' Report, Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements. This report also contains other Required and Supplementary Information in addition to the basic Financial Statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. Management's Discussion and Analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the Government-Wide Financial Statements (Statement of Net Position and Statement of Activities), Fund Financial Statements, Notes to the Basic Financial Statements and other Supplementary Information.

Note A in the Audit provides an overview of significant accounting policies including an explanation of the reporting entities, Fund Accounting and the Basis of Presentation and Accounting. This Note should be read in conjunction with this MD&A and the Financial Statements to assist the reader in understanding the audit report.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

Our analysis of the Township as a whole begins with the Statement of Net Position in accordance with GASB Statement No. 63. In these statements, we divide the Township into three kinds of activities:

- ***Governmental Activities*** - Most of the Township's basic services are reported here, including public safety, public works, parks and recreation and administration. Real estate tax, earned income tax, business taxes, fees and grants finance most of these activities.

- ***Business-Type Activities*** - The Township added a proprietary fund in 2013 to account for the activity of the Montgomery Township Community & Recreation Center, which opened to the public in October of 2015. The Community & Recreation Center is intended to recover all or a significant portion of its costs through user fees and charges.

- ***Component Units*** - The Township includes two separate legal entities in this report: The Montgomery Township Municipal Sewer Authority and the Fire Department of Montgomery Township, Inc. Although legally separate, these component units are important because the Township is financially responsible for them. Additional financial information regarding the Township's component units can be found in the Statement of Net Position and Statement of Activities of this report. Separately audited annual financial reports of these component units may be obtained from the Township's Finance Director.

The following table focuses on the net position of the current fiscal year as compared to the prior fiscal year (Table 1).

Table 1
Condensed Statements of Net Position
December 31, 2025 and 2024

	Governmental Activities	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and investments	$ 20,396,019	$ 20,399,318
Other assets	7,552,929	5,092,820
Capital assets	137,930,999	137,143,974
TOTAL ASSETS	165,879,947	162,636,112
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	-
Deferred outflows related to pensions	419,564	958,097
Deferred outflows related to OPEB	706,142	809,999
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,125,706	1,768,096
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 167,005,653	$ 164,404,208
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Other liabilities	$ 878,605	$ 589,556
Long-term debt outstanding	17,488,668	17,693,887
TOTAL LIABILITIES	18,367,273	18,283,443
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,388,851	583,216
Deferred inflows related to OPEB	1,112,807	1,238,680
TOTAL DEFERRED INFLOWS OF RESOURCES	2,501,658	1,821,896
NET POSITION		
Net investment in capital assets	124,511,999	124,659,006
Restricted	13,428,060	13,425,073
Unrestricted	8,196,663	6,214,790
TOTAL NET POSITION	146,136,722	144,298,869
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 167,005,653	$ 164,404,208

Business-Type Activities		Component Units		Totals	
2025	2024	2025	2024	2025	2024
$ -	$ -	$ 8,205,065	$ 11,599,335	$ 28,601,084	$ 31,998,653
(1,379,065)	(996,895)	714,717	743,292	6,888,581	4,839,217
9,366,877	9,596,532	30,695,957	28,046,047	177,993,833	174,786,553
7,987,812	8,599,637	39,615,739	40,388,674	213,483,498	211,624,423
62,994	66,700	-	-	62,994	66,700
-	-	-	-	419,564	958,097
-	-	-	-	706,142	809,999
62,994	66,700	-	-	1,188,700	1,834,796
$ 8,050,806	$ 8,666,337	$ 39,615,739	$ 40,388,674	$ 214,672,198	$ 213,459,219
$ 30,487	$ 6,606	$ 1,290,003	$ 695,489	$ 2,199,095	$ 1,291,651
6,606,007	6,922,988	201,736	43,110	24,296,411	24,659,985
6,636,494	6,929,594	1,491,739	738,599	26,495,506	25,951,636
-	-	-	-	1,388,851	583,216
-	-	-	-	1,112,807	1,238,680
-	-	-	-	2,501,658	1,821,896
2,834,871	2,748,232	30,548,778	28,046,047	157,895,648	155,453,285
-	-	-	-	13,428,060	13,425,073
(1,420,559)	(1,011,489)	7,575,222	11,604,028	14,351,326	16,807,329
1,414,312	1,736,743	38,124,000	39,650,075	185,675,034	185,685,687
$ 8,050,806	$ 8,666,337	$ 39,615,739	$ 40,388,674	$ 214,672,198	$ 213,459,219

Cash and investments represent 12.30% of the Total Governmental Assets and there was no cash or investments under the business type activities at fiscal year-end.

The largest portion of the Township's assets, 84.72%, reflects the Township's investment in capital assets (e.g., land, buildings, streets, equipment). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 is a condensed Statement of Activities for the current fiscal year as compared to the prior fiscal year and shows changes in net position from the prior fiscal year to the current fiscal year for the Township's Governmental Activities, Business-Type Activities, and Component Units. In 2025, total revenues (including transfers) exceeded total expenditures by $1,837,853 for Governmental Activities resulting in an increase in net position. The increase in net position from 2024 to 2025 was a result of maintaining diversified, stable revenues with controlled expenses.

Table 2
Changes in Net Position
Years Ended December 31, 2025 and 2024

	2025			
	Governmental Activities	Business-Type Activities	Component Units	Totals
REVENUES				
Program revenues				
Charges for services	$ 2,535,567	$ 863,056	$ 6,862,263	$ 10,260,886
Operating grants and contributions	1,730,504	-	615,722	2,346,226
Capital grants and contributions	-	-	-	-
General revenues				
Taxes	19,383,341	140,000	-	19,523,341
Investment income	998,089	-	336,959	1,335,048
Gain on sale of capital assets	-	-	32,300	32,300
TOTAL REVENUES	24,647,501	1,003,056	7,847,244	33,497,801
EXPENSES				
Operating				
General government	3,257,948	-	-	3,257,948
Public safety	12,576,270	-	-	12,576,270
Sanitation	52,828	-	-	52,828
Highways and streets	2,754,426	-	-	2,754,426
Culture and recreation	1,248,765	-	-	1,248,765
Sewer Authority	-	-	8,795,625	8,795,625
Fire Department	-	-	577,694	577,694
Recreation center	-	1,645,057	-	1,645,057
Interest on long-term debt	236,718	-	-	236,718
Depreciation, unallocated	2,253,124	-	-	2,253,124
Loss on disposal of capital assets	109,999	-	-	109,999
TOTAL EXPENSES	22,490,078	1,645,057	9,373,319	33,508,454
CHANGE IN NET POSITION BEFORE TRANSFERS	2,157,423	(642,001)	(1,526,075)	(10,653)
TRANSFERS	(319,570)	319,570	-	-
CHANGE IN NET POSITION	1,837,853	(322,431)	(1,526,075)	(10,653)
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	144,298,869	1,736,743	39,650,075	185,685,687
RESTATEMENT FOR CORRECTION OF AN ERROR	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	144,298,869	1,736,743	39,650,075	185,685,687
NET POSITION AT END OF YEAR,	$ 146,136,722	$ 1,414,312	$ 38,124,000	$ 185,675,034

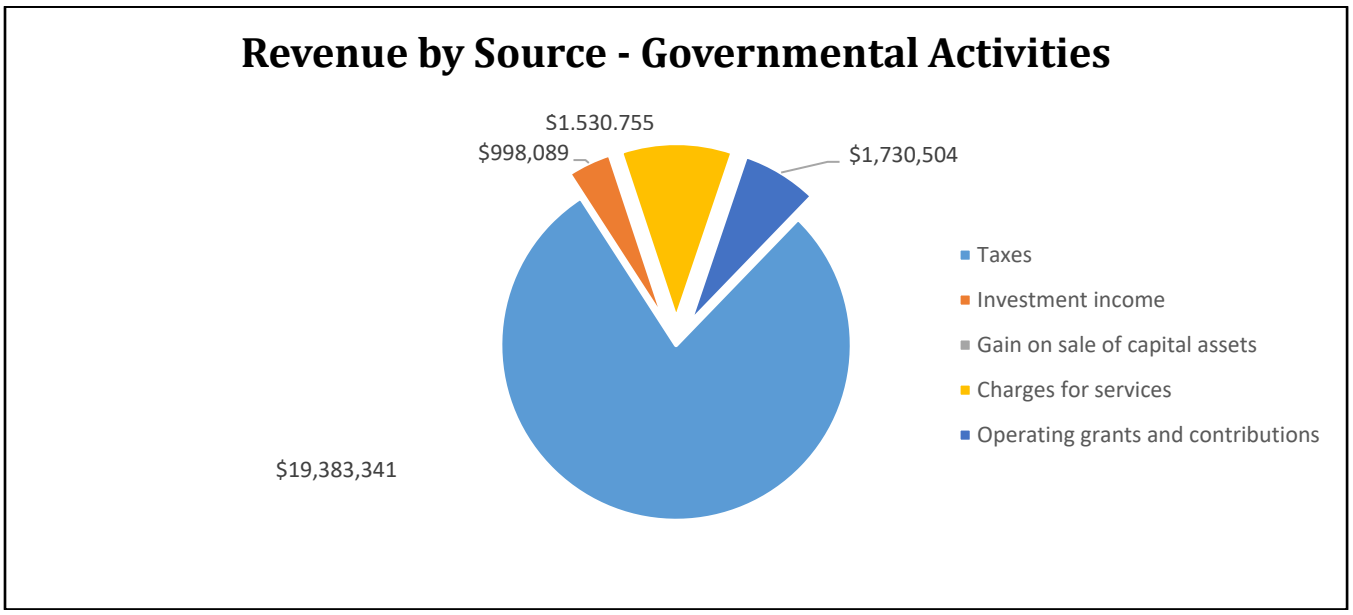
2024			
Governmental Activities	Business-Type Activities	Component Units	Totals
$ 1,445,844	$ 829,710	$ 6,353,379	$ 8,628,933
4,103,581	116,251	388,689	4,608,521
-	-	-	-
17,384,879	140,000	-	17,524,879
1,130,309	1,570	469,005	1,600,884
40,048	-	-	40,048
24,104,661	1,087,531	7,211,073	32,403,265
3,674,792	-	-	3,674,792
10,650,956	-	-	10,650,956
79,802	-	-	79,802
1,986,401	-	-	1,986,401
392,820	-	-	392,820
-	-	7,860,629	7,860,629
-	-	383,524	383,524
-	1,596,514	-	1,596,514
238,209	-	-	238,209
1,914,227	-	-	1,914,227
-	-	-	-
18,937,207	1,596,514	8,244,153	28,777,874
5,167,454	(508,983)	(1,033,080)	3,625,391
112,370	(112,370)	-	-
5,279,824	(621,353)	(1,033,080)	3,625,391
139,019,045	1,537,056	40,599,210	181,155,311
-	821,040	83,945	904,985
139,019,045	2,358,096	40,683,155	182,060,296
$ 144,298,869	$ 1,736,743	$ 39,650,075	$ 185,685,687

Governmental Activities

The Township generates revenues from a variety of sources. Total revenues for Governmental Activities for fiscal year 2025 were $24,647,501 compared to $24,104,661 in 2024, an increase of $542,840. The Township realized an increase in its taxes revenue for 2025. Revenues by source were as follows:

Governmental Activities Revenues From Statement of Activities

	2025		2024	
Revenue	Amount	% of Total	Amount	% of Total
Taxes	$ 19,383,341	78.64%	$ 17,384,879	72.12%
Investment income	998,089	4.05%	1,130,309	4.69%
Gain on sale of capital assets	-	0.00%	40,048	0.17%
Charges for services	2,535,567	10.29%	1,445,844	6.00%
Operating grants and contributions	1,730,504	7.02%	4,103,581	17.02%
	$ 24,647,501	100.00%	$ 24,104,661	100.00%



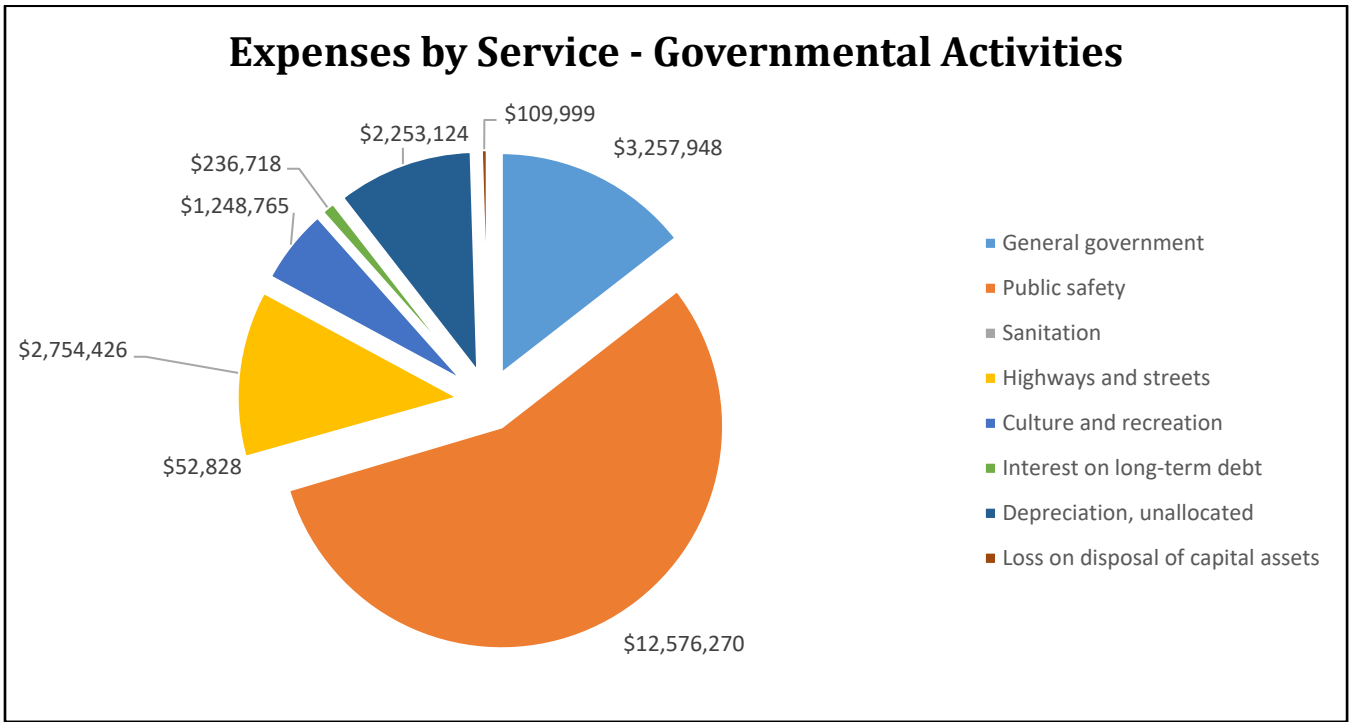
A detailed analysis of the changes in governmental activities revenues is as follows:

- Taxes increased by $1,998,462 (11.50%) primarily due to the timing of earned income tax collections.
- Investment income decreased by $132,220 (11.70%) due to lower interest rates.
- Gain on sale of capital assets decreased by $40,048 (100.00%) as 2024 sales resulted in a gain as disposed assets were fully depreciated unlike 2025 which still had net book value at time of disposal.

- Charges for services increased by $1,089,723 (75.37%). Of that increase, $423,118 was attributable to the implementation of red-light traffic cameras in 2025, with the remainder driven by permit revenue from new commercial buildings and a parking garage.
- Operating grants and contributions decreased by $2,373,077 (57.83%) because the Township recognized the remaining ALN 21.027 American Rescue Plan Act federal funding in 2024, leaving no funds available to spend in 2025.

The Township's Governmental Activities expenses consist of operating departments including Police, Fire, Public Works, Planning, Parks and Recreation, Finance and Administration. Total expenses for governmental activities for fiscal year 2025 were $22,490,078, compared to $18,937,207 in expenses in 2024, an increase of $3,552,871. This increase is primarily attributable to increased expenses in Public Safety, Highways and Streets, and Culture and Recreation. Details are shown in the table below:

	2025		2024	
Expenses	Amount	% of Total	Amount	% of Total
General government	$ 3,257,948	14.49%	$ 3,674,792	19.41%
Public safety	12,576,270	55.92%	10,650,956	56.24%
Sanitation	52,828	0.23%	79,802	0.42%
Highways and streets	2,754,426	12.25%	1,986,401	10.49%
Culture and recreation	1,248,765	5.55%	392,820	2.07%
Interest on long-term debt	236,718	1.05%	238,209	1.26%
Depreciation, unallocated	2,253,124	10.02%	1,914,227	10.13%
Loss on disposal of capital assets	109,999	0.49%	-	0.00%
	$ 22,490,078	100.00%	$ 18,937,207	100.00%



A detailed analysis of the changes in governmental activities expenses is as follows:

- General government decreased by $416,844 (11.34%) primarily due to bad debt being recognized in 2024.
- Public safety increased by $1,925,314 (18.08%) due to higher police officer payroll costs from overtime worked and annual increases in line with the Township's collective bargaining agreement.
- Sanitation decreased by $26,974 (33.80%) due to the Township transitioning to only one yard waste contractor in the 2025 while 2024 had two.
- Highways and streets increased by $768,025 (38.66%) due to Township road resurfacing projects. The rest of the increase is attributed to annual salary increases.
- Culture and recreation increased by $855,945 (217.90%) due to software costs and general operating and maintenance costs that did not meet the classification of being capital items.
- Interest on long-term debt decreased by $1,491 (0.63%). Decrease is minimal as activity was consistent year over year.
- Depreciation increased by $338,897 (17.70%) because of the addition of significant infrastructure and machinery and equipment assets in 2025.
- Loss on disposal of capital assets increased by $109,999 (100.00%) as 2024 sales resulted in a gain as disposed assets were fully depreciated unlike 2025 which still had net book value at time of disposal.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2025 General Fund budget, reflected budgeted revenues and other financing sources of $15,934,500. Actual revenues and other financing sources exceeded budgeted estimates by $3,447,356. In particular, Taxes exceeded budgeted estimates by $1,443,754. The biggest contributor to the overage of Taxes was Earned Income Taxes, which exceeded budgeted estimates by $543,848. Licenses and Permits was also a key factor for the favorable revenues and other financing sources. The biggest contributor to the overage of Licenses and Permits was Building Permits, which exceeded budgeted estimates by $587,100. This was primarily related to the construction of a few new commercial buildings and garages.

The 2025 General Fund budget, reflected budgeted expenditures and other financing uses of $18,265,979. Actual expenditures and other financing uses were less than budgeted estimates by $379,348. This was primarily due to the underage of police services expenditures by $367,409.

The 2025 General Fund budget, reflected a deficit of $2,331,479. Actual amounts exceeded budgeted estimates by $3,826,704. The Township's General Fund operations in 2025 had a surplus of $1,495,225.

CAPITAL ASSETS

Montgomery Township's investment in capital assets for its Governmental Activities as of December 31, 2025, totaled $137,930,999 (net of accumulated depreciation), an increase of $787,025 from 2024. This increase was the result of new Capital Assets, comprised mostly of infrastructure improvements and the purchase of new patrol cars, fire command vehicle, public works trucks, and parks and rec mowers in 2025.

The Township's investment in capital assets includes land, non-depreciable infrastructure, construction in progress, buildings and improvements, land improvements, depreciable infrastructure, and machinery and equipment (see Table 3 below). Infrastructure includes roads, curbs and sidewalks, bridges, storm sewer lines, street lights and traffic signals. Property, plant and equipment and certain infrastructure assets, are depreciated using the straight-line method.

The Township has adopted an alternative process for recording depreciation on certain infrastructure assets. Under this alternative method, referred to as the modified approach, the Township expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 73.92 lane miles of local roads, 776,540 linear feet of curbs and 3,057,389 square feet of sidewalks.

In order to utilize the modified approach, the Township is required to perform condition assessments of eligible assets and summarize the results using a measurement scale, estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Township, and document that the assets are being preserved approximately at or above the established condition level. The Township's policy is that no more than 20% of local road pavements and curbs/sidewalks will have a condition rating as "poor" or "very poor". However, the current condition level will always exceed this targeted condition level due to the Township's 16-Year Road Plan, which plans and budgets to replace all surfaces before they start to show signs of distress. Additional information on the Township's capital assets can be found in Notes A and C to the financial statements

Table 3
Capital Assets at Year-End (Net of Depreciation)
December 31, 2025 and 2024

	2025			
	Governmental Activities	Business-Type Activities	Component Units	Totals
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 18,155,018	$ -	$ 673,095	$ 18,828,113
Infrastructure	93,995,469	-	-	93,995,469
Construction in progress	890,077	-	2,896,534	3,786,611
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	113,040,564	-	3,569,629	116,610,193
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	9,447,403	11,759,893	37,839,206	59,046,502
Land improvements	3,346,936	-	-	3,346,936
Infrastructure	17,153,206	-	26,907,316	44,060,522
Machinery and equipment	14,915,776	1,306,465	5,471,226	21,693,467
TOTAL CAPITAL ASSETS BEING DEPRECIATED	44,863,321	13,066,358	70,217,748	128,147,427
Accumulated depreciation	(19,972,886)	(3,699,481)	(43,091,420)	(66,763,787)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	24,890,435	9,366,877	27,126,328	61,383,640
TOTAL CAPITAL ASSETS, net	$ 137,930,999	$ 9,366,877	$ 30,695,957	$ 177,993,833

2024			
Governmental Activities	Business-Type Activities	Component Units	Totals
$ 18,155,018	$ -	$ 673,095	$ 18,828,113
93,995,469	-	-	93,995,469
470,777	25,000	1,153,283	1,649,060
112,621,264	25,000	1,826,378	114,472,642
9,695,784	11,719,720	38,011,180	59,426,684
3,346,936	-	-	3,346,936
15,896,186	-	25,105,356	41,001,542
15,200,282	1,246,853	4,177,777	20,624,912
44,139,188	12,966,573	67,294,313	124,400,074
(19,616,478)	(3,395,041)	(41,074,644)	(64,086,163)
24,522,710	9,571,532	26,219,669	60,313,911
$ 137,143,974	$ 9,596,532	$ 28,046,047	$ 174,786,553

FINANCIAL ANALYSIS OF THE TOWNSHIP'S GOVERNMENTAL FUNDS

The focus of the Township's Governmental Funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of year 2025.

As of the close of the 2025 fiscal year, the Township reported combined ending balances for all Governmental Funds of $22,995,821 an increase of $221,025 from 2024. In 2020 the Township issued a G.O. Bond in the amount of $15M for the purpose of capital infrastructure projects. In 2025, the Township incurred expenditures totaling $4,292,428 from the Capital Reserve Fund which contributed to a significant offset to the increase in Governmental Fund balance. Of this ending balance amount, $11,358,750 or 49.39% is restricted for uses such as Stormwater/NPDES projects, capital equipment replacement plans, road paving, acquisition of open space, and traffic improvements. 45.30%, or $10,417,398, is unassigned and available for use in accordance with the Township's fiscal policies. Along with the General Fund, the Township's Governmental Funds category includes a variety of funds with annual activities. The following is a summary of that activity, including individual fund balances, for each of these funds.

General Fund - 01. The General Fund is the chief operating fund of the Township. Expenditures for 2025 were $15,741,631 and revenues were $19,381,856. The fund posted a surplus of $1,495,225 for the year and ended the year with a positive fund balance of $10,762,843. In 2024, the fund posted a surplus of $3,488,061 which was because the Township recognized the remaining ALN 21.027 American Rescue Plan Act federal funding in 2024, leaving no funds available to spend in 2025. The General Fund recognized $2,203,654 of American Rescue Plan Act federal funding in 2024.

Fire Protection Fund - 03. Expenditures for the Department of Fire Services for 2025 were $1,943,716 and revenues were $1,734,803. The fund posted a deficit of $208,913 for the year and ended the year with a positive fund balance of $456,820.

Park and Recreation Fund - 04. Expenditures for the Park and Recreation Fund for 2025 were $528,618 and revenues were $570,285. The fund posted a surplus of $41,667 for the year and ended the year with a positive fund balance of $942,712.

Street Light Fund - 02. Expenditures for the Street Light Fund for 2025 were $112,783 and revenues were $153,704. The fund posted a surplus of $40,921 for the year and ended the year with a positive fund balance of $422,813. The Township converted streetlights to LED in 2019 which has resulted in lower energy cost each year moving forward.

Debt Service Fund - 23. Expenditures for the Debt Service Fund for 2025 were $641,718 and revenues were $1,026,985. Following transfers, the fund posted a surplus of $65,697 and ended the year with a positive fund balance of $499,717. Further details regarding the Township's total debt can be viewed in Note D of the Financial Statements. A 0.37 mill Real Estate Tax increase was dedicated to this fund because of the new G.O. Bond issuance in 2021. Those proceeds are currently being used to fund the Township's Capital Investment Plan.

Capital Reserve Fund - 30. Expenditures for the Capital Reserve Fund for 2025 were $4,292,428 for budgeted capital construction projects and capital equipment purchases. Revenues for this fund were $358,766 and interfund transfers in of $2,530,000. The fund balance of this fund totaled a positive $7,206,740.

Park and Recreation Capital Fund - 31. The Park and Recreation Capital Fund had no expenditures for 2025. Revenues for this fund were only $233 and interfund transfer out of $400,000. The fund balance of this fund totaled a positive $16,472.

Highway Aid Fund - 35. Expenditures from the Liquid Fuels Fund for 2025 were $272,067 and revenues were $796,015. The fund posted a surplus of $523,948 for the year and ended with a positive fund balance of $2,270,296.

Liquid fuel revenues are a portion of the State's Fuel Tax paid on liquid fuels when purchased retail at the pump. The funds are allocated to municipalities statewide based on population and lane miles of roadways maintained by the Township. The expenses from this fund are for Liquid Fuel Fund eligible expenses associated with the annual street resurfacing program.

Environmental Fund - 80. The Environmental Fund's expenses for 2025 were $52,828. The fund had no revenues for 2025. The fund's expenses in 2025 were for the Township's recycling collection costs, including the costs for the bi-annual curbside leaf collection program. The fund posted a deficit of $52,828 for the year and ended the year with a positive fund balance of $23,449.

Replacement Tree Fund - 05. Expenditures for the Replacement Tree Fund for 2025 were $39,047, and revenues were $23,998. Funding for the Replacement Tree Fund comes from interest income and contributions from developers under "fee in lieu of" provisions of the Land Development Ordinance. The fund posted a deficit of $15,049 for the year and ended the year with a positive fund balance of $422,884

Autumn Festival Fund - 40. Expenditures for the Autumn Festival Fund for 2025 were $91,091, and revenues were $57,080. Expenditures from this fund pay for the expenses of the annual Autumn Festival held each year in October. Revenues consist of voluntary community contributions, a township contribution, and fees collected at the event. Following transfers, the fund posted a deficit of $19,011 for the year and ended with a negative fund balance of $28,925.

LONG-TERM DEBT

At year-end, the Township had $13,419,000 of outstanding debt for governmental activities, representing 31.48% of the Township's legal borrowing capacity, as well as $6,595,000 for the Community & Recreation Center, or 20.63% of capacity. This debt is secured by the full faith and credit of the Township's taxing authority. This evidences the Township's fiscally responsible approach to funding Capital Improvement projects. The Montgomery Township Municipal Sewer Authority (component unit) had $147,179 of outstanding debt.

Table 4
Outstanding Debt at Year-End

	2025	2024
GOVERNMENTAL ACTIVITIES		
2021A Series Note	$ 13,419,000	$ 13,824,000
BUSINESS-TYPE ACTIVITIES		
2021 Series Note	$ 6,595,000	$ 6,915,000
COMPONENT UNITS		
Sewer Authority PA Infrastructure Authority Loan	$ 147,179	$ -

Additional information on Montgomery Township's debt can be found in Note D to the financial statements.

2026 BUDGET OVERVIEW

The 2026 budget includes $33M in operating expenditures over eleven governmental funds, reflecting a 10% increase from the 2025 budget. This spending plan will allow Montgomery Township to continue to provide municipal services and programs at existing levels. The tax rate increased 1.0 mill, from 2.94 to 3.94, from 2024 to 2025.

The Township's governmental funds include costs to provide typical governmental functions. The 2026 General Fund Budget includes expenditures of $20M, an 11% increase from 2025.

General Fund Revenue Budget

- **Real Estate Tax:** The 2026 Montgomery Township Real Estate Tax is based on an anticipated total assessed value of $2,170,971,744. The Real Estate Tax millage for the General Fund is 1.25 mills and is estimated to generate $2.52M.

- **Earned Income Tax:** An Earned Income Tax was implemented in 2003 at a rate of 1.0% of earned income on resident and non-residents. It is estimated that this tax will generate $6.5M in 2026.

- **Real Estate Transfer Tax:** The Real Estate Transfer Tax is levied at ½ of 1% of the value of all real estate that transfer within Montgomery Township. Revenue from this tax peaked in 2022 at $1.9M. The ten-year average is $1M, with an average of 534 properties transferring ownership. This line item is expected to bring in approximately $500K in 2026.

- **Mercantile/Business Privilege Tax:** The Business Privilege Tax is levied at 1 ½ (1.50) mills on each dollar of the gross volume of business. The Mercantile Tax is levied at 1 ½ (1.50) mills on each dollar of the gross volume of business. Generally speaking, "gross receipts" or "gross volume of business" upon which the tax is imposed is the value of all cash, credits, or property received by a business and is undiminished by any costs of doing business. Combined these two line items are expected to generate $3.4M in revenues in 2026.

General Fund Expenditure Budget

- The primary expenditure category in the General Fund is Police Services at $9.6M or 55% of the General Fund operating budget. This category consists mainly of personnel costs (91% or $8.8M) for the Township's police services. As of December 2025, there are 39 sworn officers and 10 non-uniform personnel.

- Other significant expenditure categories in the 2026 General Fund include Public Works (15%, $2.6M), Administration (6%, $1.1M), Code Enforcement (4%, $650K), and Finance (3%, 601K).

The complete 2026 Budget is available for review on the Montgomery Township website at www.montgomerytwp.org.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions about this report or to request additional financial information (to include component units), please contact the Director of Finance at 1001 Stump Road, Montgomeryville, PA 18936-9605.

MONTGOMERY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
ASSETS					
Cash and cash equivalents	$ 20,396,019	$ -	$ 20,396,019	$ 3,182,688	$ 147,410
Investments	-	-	-	4,750,000	124,967
Taxes receivable	3,504,280	-	3,504,280	-	-
Accounts receivable	279,080	-	279,080	688,621	-
Due from other governments	4,674	-	4,674	-	-
Prepaid items	316,520	-	316,520	26,096	-
Internal balances	1,379,065	(1,379,065)	-	-	-
Net pension asset	2,069,310	-	2,069,310	-	-
Capital assets					
Property, plant and equipment, Sewer Authority	-	-	-	30,646,483	-
Depreciable capital assets	24,890,435	9,366,877	34,257,312	-	49,474
Nondepreciable capital assets	113,040,564	-	113,040,564	-	-
TOTAL ASSETS	165,879,947	7,987,812	173,867,759	39,293,888	321,851
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	62,994	62,994	-	-
Deferred outflows related to pensions	419,564	-	419,564	-	-
Deferred outflows related to OPEB	706,142	-	706,142	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,125,706	62,994	1,188,700	-	-
LIABILITIES					
Accounts payable and accrued expenses	135,863	10,007	145,870	1,290,003	-
Accrued payroll	492,742	20,480	513,222	-	-
Unearned revenue	250,000	-	250,000	-	-
Long-term liabilities					
Portion due or payable within one year					
Notes payable	413,000	324,000	737,000	-	-
Compensated absences	235,399	11,007	246,406	-	-
Total OPEB liability	182,808	-	182,808	-	-
Portion due or payable after one year					
Loan payable	-	-	-	147,179	-
Notes payable	13,006,000	6,271,000	19,277,000	-	-
Compensated absences	-	-	-	54,557	-
Total OPEB liability	3,651,461	-	3,651,461	-	-
TOTAL LIABILITIES	18,367,273	6,636,494	25,003,767	1,491,739	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,388,851	-	1,388,851	-	-
Deferred inflows related to OPEB	1,112,807	-	1,112,807	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,501,658	-	2,501,658	-	-
NET POSITION					
Net investment in capital assets	124,511,999	2,834,871	127,346,870	30,499,304	49,474
Restricted					
Capital projects	7,206,740	-	7,206,740	-	-
Providing and maintaining street lights	422,813	-	422,813	-	-
Debt service	499,717	-	499,717	-	-
Park and recreation capital projects	16,472	-	16,472	-	-
Highway and street projects	2,270,296	-	2,270,296	-	-
Environmental	-	-	-	-	-
Park and recreation activities	942,712	-	942,712	-	-
Net pension asset	2,069,310	-	2,069,310	-	-
Unrestricted	8,196,663	(1,420,559)	6,776,104	7,302,845	272,377
TOTAL NET POSITION	$ 146,136,722	$ 1,414,312	$ 147,551,034	$ 37,802,149	$ 321,851

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General government	$ 3,257,948	$ 1,745,922	$ 467,325	$ -
Public safety	12,576,270	739,997	413,441	-
Sanitation	52,828	-	-	-
Highways and streets	2,754,426	5,284	849,738	-
Culture and recreation	1,248,765	44,364	-	-
Interest on long-term debt	236,718	-	-	-
Depreciation, unallocated	2,253,124	-	-	-
Loss on disposal of capital assets	109,999	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	22,490,078	2,535,567	1,730,504	-
BUSINESS-TYPE ACTIVITIES				
Recreation center	1,645,057	863,056	-	-
TOTAL PRIMARY GOVERNMENT	$ 24,135,135	$ 3,398,623	$ 1,730,504	$ -
COMPONENT UNITS				
Sewer Authority	$ 8,795,625	$ 6,862,263	$ -	$
Fire Department	577,694	-	615,722	-
TOTAL COMPONENT UNITS	$ 9,373,319	$ 6,862,263	$ 615,722	$ -
GENERAL REVENUES				
Taxes				
Earned income tax				
Real property tax				
Real estate transfer taxes				
Business privilege and mercantile tax				
Miscellaneous taxes				
Investment income				
Gain on sale of capital assets				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				
RESTATEMENT FOR CORRECTION OF AN ERROR				
NET POSITION AT BEGINNING OF YEAR, AS RESTATED				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
$ (1,044,701)	$ -	$ (1,044,701)	$ -	$ -
(11,422,832)	-	(11,422,832)	-	-
(52,828)	-	(52,828)	-	-
(1,899,404)	-	(1,899,404)	-	-
(1,204,401)	-	(1,204,401)	-	-
(236,718)	-	(236,718)	-	-
(2,253,124)	-	(2,253,124)	-	-
(109,999)	-	(109,999)	-	-
(18,224,007)	-	(18,224,007)	-	-
-	(782,001)	(782,001)	-	-
(18,224,007)	(782,001)	(19,006,008)	-	-
			(1,933,362)	-
			-	38,028
			(1,933,362)	38,028
7,958,541	140,000	8,098,541	-	-
5,788,309	-	5,788,309	-	-
1,029,298	-	1,029,298	-	-
3,722,649	-	3,722,649	-	-
884,544	-	884,544	-	-
998,089	-	998,089	329,950	7,009
-	-	-	32,300	-
(319,570)	319,570	-	-	-
20,061,860	459,570	20,521,430	362,250	7,009
1,837,853	(322,431)	1,515,422	(1,571,112)	45,037
144,298,869	915,703	145,214,572	39,289,316	276,814
-	821,040	821,040	83,945	-
144,298,869	1,736,743	146,035,612	39,373,261	276,814
$ 146,136,722	$ 1,414,312	$ 147,551,034	$ 37,802,149	$ 321,851

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 7,909,523	$ 7,492,740	$ 4,993,756	$ 20,396,019
Taxes receivable	3,297,936	-	206,344	3,504,280
Accounts receivable	271,540	-	7,540	279,080
Due from other funds	1,419,440	-	-	1,419,440
Due from component units	4,674	-	-	4,674
Prepaid items	305,070	-	11,450	316,520
TOTAL ASSETS	$ 13,208,183	$ 7,492,740	$ 5,219,090	$ 25,920,013
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	$ 73,546	$ 36,000	$ 4,574	$ 114,120
Accrued payroll	679,051	-	70,833	749,884
Due to other funds	-	-	40,375	40,375
Unearned revenue	-	250,000	-	250,000
TOTAL LIABILITIES	752,597	286,000	115,782	1,154,379
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	33,236	-	28,220	61,456
Income taxes	1,659,507	-	48,850	1,708,357
TOTAL DEFERRED INFLOWS OF RESOURCES	1,692,743	-	77,070	1,769,813
FUND BALANCES				
Nonspendable, prepaid items	305,070	-	11,450	316,520
Restricted				
Capital projects	-	7,206,740	-	7,206,740
Providing and maintaining street lights	-	-	422,813	422,813
Debt service	-	-	499,717	499,717
Park and recreation capital projects	-	-	16,472	16,472
Highway and street projects	-	-	2,270,296	2,270,296
Park and recreation activities	-	-	942,712	942,712
Committed to				
Arbor Day and shade tree commission	-	-	422,884	422,884
Fire protection capital purchases and/or infrastructure projects	-	-	456,820	456,820
Environmental	-	-	23,449	23,449
Unassigned	10,457,773	-	(40,375)	10,417,398
TOTAL FUND BALANCES	10,762,843	7,206,740	5,026,238	22,995,821
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 13,208,183	$ 7,492,740	$ 5,219,090	$ 25,920,013

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025

TOTAL GOVERNMENTAL FUNDS BALANCES	$	22,995,821
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land		18,155,018
Construction in progress		890,077
Nondepreciable infrastructure		93,995,469
Buildings and building improvements		9,447,403
Land improvements		3,346,936
Depreciable infrastructure		17,153,206
Machinery and equipment		14,915,776
Accumulated depreciation		(19,972,886)
The net pension asset is not available to pay for current period expenditures and, therefore, is not reported in the funds.		2,069,310
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows related to pensions		419,564
Deferred outflows related to OPEB		706,142
Deferred inflows related to pensions		(1,388,851)
Deferred inflows related to OPEB		(1,112,807)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. These liabilities consist of:		
Notes payable		(13,419,000)
Total OPEB liability		(3,834,269)
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recognized in the funds.		1,769,813
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	146,136,722

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 15,218,754	$ -	$ 3,224,623	$ 18,443,377
Licenses and permits	1,743,149	-	-	1,743,149
Fines and forfeits	100,724	-	-	100,724
Interest income, rents and royalties	413,146	351,682	233,261	998,089
Intergovernmental revenues	1,011,946	-	718,558	1,730,504
Charges for services	535,843	-	150,567	686,410
Unclassified operating revenues	358,294	7,084	36,094	401,472
TOTAL REVENUES	19,381,856	358,766	4,363,103	24,103,725
EXPENDITURES				
Current				
General government	3,099,872	311,564	-	3,411,436
Public safety	10,236,732	613,142	1,943,716	12,793,590
Public works				
Sanitation	-	-	52,828	52,828
Highways and streets	2,405,027	2,175,607	384,850	4,965,484
Culture and recreation	-	1,192,115	658,756	1,850,871
Debt service				
Principal retirement	-	-	405,000	405,000
Interest	-	-	236,718	236,718
TOTAL EXPENDITURES	15,741,631	4,292,428	3,681,868	23,715,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,640,225	(3,933,662)	681,235	387,798
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	152,797	-	152,797
Transfers in	-	2,530,000	114,000	2,644,000
Transfers out	(2,145,000)	-	(818,570)	(2,963,570)
TOTAL OTHER FINANCING SOURCES (USES)	(2,145,000)	2,682,797	(704,570)	(166,773)
NET CHANGE IN FUND BALANCES	1,495,225	(1,250,865)	(23,335)	221,025
FUND BALANCES AT BEGINNING OF YEAR	9,267,618	8,457,605	5,049,573	22,774,796
FUND BALANCES AT END OF YEAR	$ 10,762,843	$ 7,206,740	$ 5,026,238	$ 22,995,821

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 221,025
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital additions of construction in progress	419,300	
Capital additions of buildings and building improvements	134,855	
Capital additions of depreciable infrastructure	1,257,020	
Capital additions of machinery and equipment	1,491,770	
Depreciation expense	(2,253,124)	
	1,049,821	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(262,796)
Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total unavailable revenue from taxes increased by the following in the current period.		939,964
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		
Principal paid on notes payable		405,000
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the Governmental Funds:		
Changes in net pension liability and related deferrals	(362,782)	
Changes in net OPEB liability and related deferrals	(152,379)	
	(515,161)	
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,837,853

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025

	Recreation Center Fund
ASSETS	
NONCURRENT ASSETS	
Building and building improvements	$ 11,759,893
Machinery and equipment	1,306,465
Less accumulated depreciation	(3,699,481)
TOTAL NONCURRENT ASSETS	9,366,877
TOTAL ASSETS	9,366,877
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	62,994
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	6,874
Accrued payroll	23,613
Due to other funds	1,379,065
Bonds payable, current	324,000
Compensated absences, current	11,007
TOTAL CURRENT LIABILITIES	1,744,559
NONCURRENT LIABILITIES	
Bonds payable	6,271,000
TOTAL LIABILITIES	8,015,559
NET POSITION	
Net investment in capital assets	2,834,871
Unrestricted	(1,420,559)
TOTAL NET POSITION	$ 1,414,312

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Recreation Center Fund
OPERATING REVENUES	
Taxes	$ 140,000
Charges for services	863,056
TOTAL OPERATING REVENUES	1,003,056
OPERATING EXPENSES	
General operating expenses	445,165
Salaries and benefits	744,788
Depreciation	352,828
TOTAL OPERATING EXPENSES	1,542,781
OPERATING LOSS	(539,725)
NONOPERATING EXPENSES	
Interest expense	(102,276)
LOSS BEFORE TRANSFERS	(642,001)
TRANSFERS IN	418,570
TRANSFERS OUT	(99,000)
CHANGE IN NET POSITION	(322,431)
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	915,703
RESTATEMENT FOR CORRECTION OF AN ERROR	821,040
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	1,736,743
NET POSITION AT END OF YEAR	$ 1,414,312

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Recreation Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,385,226
Payments to employees for services	(721,549)
Payments to suppliers for goods and services	(441,504)
NET CASH PROVIDED BY OPERATING ACTIVITIES	222,173
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	319,570
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(123,173)
Principal paid on debt	(320,000)
Interest paid on debt	(98,570)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(541,743)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (539,725)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	352,828
Increase (decrease) in	
Accounts payable	3,661
Accrued payroll	20,220
Due from/to other funds	382,170
Compensated absences	3,019
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 222,173

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash	$ 211,131	$ 2,524,788
Investments, mutual funds		
Equity	32,890,864	-
Fixed income	6,910,230	-
Balanced	3,125,967	-
Accrued interest receivable	224	-
TOTAL ASSETS	43,138,416	2,524,788
NET POSITION		
Net position restricted for pensions	43,138,416	-
Net position restricted for developer escrow activities	-	2,524,788
TOTAL NET POSITION	$ 43,138,416	$ 2,524,788

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions		
Plan member contributions	$ 424,032	$ -
Employer contributions	40,978	-
Other contributions, Commonwealth of Pennsylvania	692,122	-
Developers	-	878,955
TOTAL CONTRIBUTIONS	1,157,132	878,955
Investment earnings		
Interest income	1,807,216	-
Gain on investments	3,613,985	-
Investment expenses	(57,361)	-
INVESTMENT EARNINGS, net	5,363,840	-
TOTAL ADDITIONS	6,520,972	878,955
DEDUCTIONS		
Employee benefit payments	1,789,243	-
Administrative expenses	15,600	-
Payments to developers	-	1,878,812
TOTAL DEDUCTIONS	1,804,843	1,878,812
CHANGE IN NET POSITION	4,716,129	(999,857)
NET POSITION AT BEGINNING OF YEAR	38,422,287	3,524,645
NET POSITION AT END OF YEAR	$ 43,138,416	$ 2,524,788

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Montgomery Township (the "Township"), located in Montgomery County, Pennsylvania, was organized in 1714. The Township is classified as a "Township of the Second Class" under the laws of the Commonwealth of Pennsylvania and provides the following services as authorized by its charter: public safety, highways and streets, culture and recreation, public improvements, planning and zoning and general and administrative services.

The basic financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Reporting Entity

The Township is governed by an elected five-member Board of Supervisors. As required by GAAP, the Township, for financial reporting purposes, includes all the funds relevant to the operations of the Township. Management, in determining what potential component units should be included for financial reporting purposes, considers financial accountability and the nature and significance of the relationship. Fiscal accountability, the most significant of all criteria, refers to conditions of financial interdependency between two units, including budgetary adoption, taxing authority, responsibility for debt and control over or responsibility for financial management.

Based on the aforementioned criteria, the Township's component units are the Montgomery Township Municipal Sewer Authority (the "Sewer Authority"), the Fire Department of Montgomery Township (the "Fire Department"), the Police Pension Plan (the "Police Pension") and the Non-Uniform Employee Pension Plan (the "Non-Uniform Pension"). The Sewer Authority and the Fire Department have been reported as discretely presented component units in a separate column in the financial statements to emphasize that they are legally separate from the Township. The Police Pension and the Non-Uniform Pension are fiduciary component units because they are, in substance, part of the primary government's operations, even though they are legally separate entities.

Montgomery Township Municipal Sewer Authority - The Sewer Authority is a public corporation organized in 1965 by the Board of Montgomery Township in accordance with the Municipality Authorities Act of 1945. The Sewer Authority is a lease-back and operating authority, the purpose of which is to borrow money to finance the construction or acquisition of sewer facilities and operate a sewer system. The facilities are subject to a lease-back arrangement between the Township and the Sewer Authority.

The Sewer Authority is governed by a five-member board appointed by the Township's Board of Supervisors.

The Sewer Authority's governing board is responsible for decisions made in the operation of the Sewer Authority. The Township, however, is responsible for funding any deficit which may arise in the operation of the Sewer Authority. The Township also is required to review and approve the Sewer Authority's annual operating budget and any amendment thereto.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sewer Authority financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Sewer Authority may be obtained at the Township's administrative office.

Fire Department of Montgomery Township - The Fire Department provides firefighting and rescue services to the residents and businesses of Montgomery Township, Pennsylvania. The Fire Department was formed as a nonprofit corporation in 2003.

The governing body of the Fire Department is the Executive Board, which is comprised of eight members elected by the active members of the Fire Department.

In 2003, the Fire Department entered into a Fire Services Agreement with Montgomery Township. As part of this agreement, the Fire Department will prepare an annual budget. This budget will be reviewed with the Director of Fire Services, a Montgomery Township employee. The Director must approve purchases in excess of $1,000. In addition, the Township provides the use of two fire stations and equipment.

The Fire Department financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Fire Department may be obtained at the Township's administrative office.

Police Pension Fund - The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of supervisors of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

Non-Uniform Pension Fund - The Police Pension Plan is a single employer defined contribution pension plan that provides pension benefits for its full-time, non-uniform employees and its part-time, non-uniform employees working initially at least 1,000 hours per year. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of supervisors of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Township uses fund accounting to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Township are grouped into the categories governmental, proprietary and fiduciary.

The Township reports the following major Governmental Funds:

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

Capital Reserve Fund - The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects.

The Township reports the following major Proprietary Fund:

Recreation Center Fund - The Recreation Center Fund is used to account for the Township's Community & Recreation Center, which will provide recreational activities for the residents of the Township.

Additionally, the Township reports the following fund types:

Special Revenue Funds (Nonmajor) - The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Township's nonmajor Special Revenue Funds include the Fire Protection Fund, Park and Recreation Fund, Street Light Fund, Highway Aid Fund, Environmental Fund, Replacement Tree Fund, and Autumn Festival Fund.

Capital Projects Funds (Nonmajor) - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects. The Township's nonmajor Capital Projects Funds include the Park and Recreation Capital Fund and the Restoration Fund.

Debt Service Fund (Nonmajor) - The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiduciary Fund Types

Pension Trust Funds - The Pension Trust Funds are used to account for financial resources restricted solely for Police and Non-Uniformed Employee Pension Plans.

Custodial Fund - The Township's custodial fund accounts for monies held by the Township for developer escrow deposits which meet the criteria to be reported as a custodial fund as the developers are the ultimate beneficiaries of the escrow deposits rather than the Township's own benefit.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Recreation Center Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary activities. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each discretely presented component unit of the Township and for each function or program of the Township's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, although interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of Governmental Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor Governmental Funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 revenues to be available if they are collected within 60 days of the end of the fiscal period. Major revenues susceptible to accrual are taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Township's Proprietary Fund, Fiduciary Funds, and discretely presented component are presented on the accrual basis of accounting, whereby revenues are recognized in the period earned and expenses are recognized when incurred. The Fiduciary funds use the economic resources measurement focus.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The cash of individual funds other than the component units is combined to form a pool of cash and cash equivalents. Each fund type's portion of the pool is included on the balance sheet as "cash and cash equivalents" under each fund type's caption. The deposits and investments of the Pension Trust Funds are held separately from those of other Township funds.

Cash and cash equivalents include cash on hand and in banks and investments in short-term highly liquid investments with original maturities of less than 90 days.

Investments, Township

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) savings or demand deposits. The specific conditions under which the Township may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value except for certificates of deposit which are stated at amortized cost.

The Township has adopted GASB Statement No. 72, Fair Value Measurement and Application. In accordance with this Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deposits and Investments, Sewer Authority

State law allows the Authority to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Authority to invest in 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. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loans or savings bank's assets, net of its liabilities. The Authority may also invest in shares of registered investment companies, provided that investments of the Authority are authorized investments, as noted above.

The Sewer Authority's investments are reported at fair value, determined by quoted market values.

Capital Assets

Capital assets, which include property, plant, equipment, and certain limited infrastructure assets, are reported in the applicable governmental or discretely presented component units columns in the government-wide financial statements and business-type activities are reported as noncurrent assets on the proprietary fund financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than $5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

Property, plant, equipment, and certain limited infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and building improvements	10-40
Land improvements	10-75
Infrastructure	10-30
Machinery and equipment	3-25

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Infrastructure

GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. The Township has included the value of all infrastructure in its basic financial statements for December 31, 2025.

The Township defines infrastructure as the basic physical assets, including roads, bridges, sidewalks, drainage systems, and traffic signals, used by the Township in the conduct of its business. The Township will depreciate its infrastructure over the estimated useful life of the assets using the straight-line method of depreciation, except for its roads.

The Township has elected to use the modified approach as defined by GASB Statement No. 34 for reporting of its roads. The Township performed a physical assessment of the condition of the roads as of December 31, 2025. This condition assessment will be performed every three years.

Sewer Revenues and Accounts Receivable

Charges for services are recognized when earned. All residential and commercial customers are billed quarterly based on usage. An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year.

Compensated Absences

Township employees accumulate vacation leave hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay to a maximum of 80 hours for nonuniform employees and 84 hours for uniform employees may be paid upon termination of employment, death, or retirement. Leave that has not been used should be recognized as a liability if it (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Note, that the liability recognition criterion for sick leave that is paid or reimbursed at the end of employees' active service life upon termination of employment or vesting has been superseded.

Real Estate Property Tax

Property taxes are levied on March 1 based upon the assessed value of property listed on the previous January 1. Assessed values are an approximation of market value.

Property taxes are payable under the following terms: 2% discount March 1 through May 1, face amount May 2 through July 1 and a 10% penalty after July 1. Unpaid taxes are liened in February of the subsequent year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tax Collection

The Real Estate Tax Collector, who is responsible for collecting real estate taxes on behalf of the Township, Montgomery County, and the North Penn School District, is an elected official. The Township, in accordance with state law, regards the Tax Collector's office as a separate entity, and only activity as it relates to the Township is recorded in the financial statements.

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 assets 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 three items that qualify 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 and difference between projected and actual investment earnings. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of the difference between expected and actual experience, changes in plan assumptions and contributions subsequent to the measurement date. The deferred charge on refunding is reported in the government-wide and proprietary fund statements of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets 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 which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and income 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. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the OPEB plan and changes in plan assumptions.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Balance

The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- ***Restricted Fund Balance*** - 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 Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the 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 Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. The Board of Supervisors has not delegated this authority.

- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Reclassifications

The Township reclassified beginning of year balances between capital asset categories to conform with December 31, 2024 financial statement presentation.

NOTE B - 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 follows state statute as it relates to custodial credit risk. Pennsylvania statutes provide for investment of Governmental and Proprietary Funds resources into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania Government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. In addition to the investments authorized for Governmental and Proprietary Funds, Fiduciary Fund investments also may be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

As of December 31, 2025, $23,353,190 of the Township's bank balance of $23,603,190 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department not in the Township's name	
Township governmental activities	$ 20,592,899
Township proprietary activities	$ -
Pension trust funds	$ 211,131
Escrow custodial activities	$ 2,549,160

As of December 31, 2025, the following amounts of the component units were exposed to custodial credit risk.

NOTE B - DEPOSITS AND INVESTMENTS

Sewer Authority - At December 31, 2025, the Sewer Authority's bank balance was $3,650,099. Of that bank balance, $250,000 was covered by federal depository insurance and $1,768,374 was invested in externally pooled investments, which are not subject to credit risk. Any balances exceeding depository insurance are exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Authority's name.

Fire Department - At December 31, 2025, the bank deposits of the Fire Department were fully insured and not exposed to custodial credit risk.

Investments

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs.

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

Investment Type	Amortized Cost	Fair Value	Level 1 Inputs	Investment Maturities: Less Than One Year	Investment Maturities: 1 to 5 Years
PENSION ACTIVITIES					
Equity mutual funds	$ -	$ 32,890,864	$ 32,890,864	$ 32,890,864	$ -
Fixed income mutual funds	-	6,910,230	6,910,230	6,910,230	-
Balanced mutual funds	-	3,125,967	3,125,967	3,125,967	-
	$ -	$ 42,927,061	$ 42,927,061	$ 42,927,061	$ -

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

Investment Type	Fair Value Level 2	Investment Maturities: Less Than One Year	Investment Maturities: 1 to 5 Years
Certificates of deposit	$ 4,750,000	$ -	$ 4,750,000

As of December 31, 2025, the Fire Department had $124,967 invested in annuities, which is a Level 2 investment. This investment has a determinable cash surrender value that is the investments fair value.

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.

NOTE B - DEPOSITS AND INVESTMENTS

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits the type of investments permitted as defined in the Township code. Permitted investments are defined in Note A. When making investments, the Township can combine monies from more than one fund under the Township's control for the purpose of a single investment and join with other political subdivisions in the purchase of a single investment.

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

Concentration of Credit Risk - No investment in any one issuer is in excess of 5% of the Township's total investments.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the Township is as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 18,155,018	$ -	$ -	$ 18,155,018
Infrastructure	93,995,469	-	-	93,995,469
Construction in progress	470,777	419,300	-	890,077
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	112,621,264	419,300	-	113,040,564
Capital assets being depreciated				
Buildings and building improvements	9,695,784	134,855	(383,236)	9,447,403
Land improvements	3,346,936	-	-	3,346,936
Infrastructure	15,896,186	1,257,020	-	17,153,206
Machinery and equipment	15,200,282	1,491,770	(1,776,276)	14,915,776
TOTAL CAPITAL ASSETS BEING DEPRECIATED	44,139,188	2,883,645	(2,159,512)	44,863,321
Accumulated depreciation				
Buildings and building improvements	(7,125,231)	(323,512)	155,590	(7,293,153)
Land improvements	(1,121,439)	(182,730)	-	(1,304,169)
Infrastructure	(4,236,638)	(785,059)	-	(5,021,697)
Machinery and equipment	(7,133,170)	(961,823)	1,741,126	(6,353,867)
TOTAL ACCUMULATED DEPRECIATION	(19,616,478)	(2,253,124)	1,896,716	(19,972,886)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	24,522,710	630,521	(262,796)	24,890,435
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 137,143,974	$ 1,049,821	$ (262,796)	$ 137,930,999
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	$ 25,000	$ -	$ (25,000)	$ -
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	25,000	-	(25,000)	-
Capital assets being depreciated				
Buildings and building improvements	11,719,720	40,173	-	11,759,893
Machinery and equipment	1,246,853	108,000	(48,388)	1,306,465
TOTAL CAPITAL ASSETS BEING DEPRECIATED	12,966,573	148,173	(48,388)	13,066,358
Accumulated depreciation				
Buildings and building improvements	(2,695,734)	(322,218)	-	(3,017,952)
Machinery and equipment	(699,307)	(30,610)	48,388	(681,529)
TOTAL ACCUMULATED DEPRECIATION	(3,395,041)	(352,828)	48,388	(3,699,481)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	9,571,532	(204,655)	-	9,366,877
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 9,596,532	$ (204,655)	$ (25,000)	$ 9,366,877

NOTE C - CAPITAL ASSETS

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:	
Unallocated	$ 2,253,124
Business-type activities:	
Recreation center	$ 352,828

A summary of changes in capital assets for the Sewer Authority is as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
COMPONENT UNIT, SEWER AUTHORITY				
Capital assets not being depreciated				
Land	$ 673,095	$ -	$ -	$ 673,095
Construction in progress	1,153,283	5,667,706	(3,924,455)	2,896,534
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,826,378	5,667,706	(3,924,455)	3,569,629
Capital assets being depreciated				
Wastewater treatment and collection system				
Hatfield Waste Water Treatment Plant	10,790,270	216,437	-	11,006,707
Eureka Treatment Plant	27,220,910	10,788	(399,199)	26,832,499
Other sewer system improvements	10,469,548	1,899,049	(97,089)	12,271,508
Developer dedications	14,635,808	-	-	14,635,808
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS	63,116,536	2,126,274	(496,288)	64,746,522
Equipment	3,845,733	1,293,929	-	5,139,662
TOTAL CAPITAL ASSETS BEING DEPRECIATED	66,962,269	3,420,203	(496,288)	69,886,184
Accumulated depreciation				
Wastewater treatment and collection systems				
Hatfield Waste Water Treatment Plant	(9,509,867)	(151,430)	-	(9,661,297)
Eureka Treatment Plant	(14,075,250)	(868,895)	399,199	(14,544,946)
Other sewer system improvements	(4,916,710)	(645,638)	97,089	(5,465,259)
Developer dedications	(9,911,339)	(454,810)	-	(10,366,149)
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS ACCUMULATED DEPRECIATION	(38,413,166)	(2,120,773)	496,288	(40,037,651)
Equipment	(2,384,066)	(387,613)	-	(2,771,679)
TOTAL ACCUMULATED DEPRECIATION	(40,797,232)	(2,508,386)	496,288	(42,809,330)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	26,165,037	911,817	-	27,076,854
COMPONENT UNIT, SEWER AUTHORITY CAPITAL ASSETS, net	$ 27,991,415	$ 6,579,523	$ (3,924,455)	$ 30,646,483
COMPONENT UNIT, FIRE DEPARTMENT				
Equipment	$ 332,044	$ 16,322	$ (16,802)	$ 331,564
Accumulated depreciation	(277,412)	(21,480)	16,802	(282,090)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	$ 54,632	$ (5,158)	$ -	$ 49,474

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the primary government for the year ended December 31, 2025:

	Original Principal
GOVERNMENTAL ACTIVITIES	
General Obligation Notes, Series A of 2021	$ 15,000,000
Total OPEB liability	-
Compensated absences	-
TOTAL GOVERNMENTAL ACTIVITIES	15,000,000
BUSINESS-TYPE ACTIVITIES	
General Obligation Notes, Series of 2021	7,847,000
Compensated absences	-
TOTAL BUSINESS-TYPE ACTIVITIES	7,847,000
TOTAL LONG-TERM LIABILITIES	$ 22,847,000

For governmental activities, net pension liabilities, total other postemployment benefit liabilities, and compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Recreation Center Fund. The change in compensated absences above is a net change for the year.

Swap Agreements

The Township financed all outstanding notes through the Delaware Valley Regional Finance Authority (DVRFA). The DVRFA has, in turn, entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These agreements may be terminated under the following circumstances: (1) the DVRFA and the counterparty mutually consent to termination; (2) the DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent; (3) the borrow defaults on its loan; (4) the borrower prepays or terminates the rate of a fixed rate loan before its scheduled termination date. Upon termination, the DVRFA would receive or make a payment depending on the market value of the related interest rate swap. If the DVRFA were obligated to make such a payment and sufficient funds were not available, the DVRFA could assess each borrower its allocable share of the termination payment.

At December 31, 2025, the market value of the Township's interest rate swap agreements for fixed rate loans were $1,289,110 and $3,952,257 and for the DVRRFA bonds were $178,297 and $362,785. As of December 31, 2025, the DVRFA would have received a payment of approximately $74.5 million if the swap agreements related to the DVFRA Series and borrowers' fixed rate loans were terminated. None of these amounts are reflected in the Township's statements of net position or activities at December 31, 2025.

	Balance Outstanding January 1, 2025	Additions	Reductions	Balance Outstanding December 31, 2025	Due Within One Year
	$ 13,824,000	$ -	$ (405,000)	$ 13,419,000	$ 413,000
	3,659,874	174,395	-	3,834,269	182,808
	210,013	25,386	-	235,399	235,399
	17,693,887	199,781	(405,000)	17,488,668	831,207
	6,915,000	-	(320,000)	6,595,000	324,000
	7,988	3,019	-	11,007	11,007
	6,922,988	3,019	(320,000)	6,606,007	335,007
	$ 24,616,875	$ 202,800	$ (725,000)	$ 24,094,675	$ 1,166,214

NOTE D - LONG-TERM DEBT

General Obligation Notes, 2021 Series

In December 2021, the Township issued $7,847,000 in general obligation notes for the purpose of refunding the General Obligation Bond Series of 2016. The note bears an interest rate of 1.456% have varying maturities from May 25, 2022 to May 25, 2043.

Year Ending December 31,	Principal	Interest	Totals
2026	$ 324,000	$ 93,848	$ 417,848
2027	329,000	89,059	418,059
2028	333,000	84,205	417,205
2029	338,000	79,283	417,283
2030	343,000	74,289	417,289
2031 to 2035	1,790,000	293,964	2,083,964
2036 to 2040	1,920,000	157,985	2,077,985
2041 to 2043	1,218,000	25,454	1,243,454
	$ 6,595,000	$ 898,087	$ 7,493,087

General Obligation Notes, 2021 Series

In September 2021, the Township issued $15,000,000 in general obligation notes for the purpose of funding various capital projects. The note bears an interest rate of 1.725% have varying maturities from September 25, 2022 to September 25, 2051.

Year Ending December 31,	Principal	Interest	Totals
2026	$ 413,000	$ 229,697	$ 642,697
2027	420,000	222,542	642,542
2028	427,000	215,267	642,267
2029	434,000	207,871	641,871
2030	442,000	200,350	642,350
2031 to 2035	2,329,000	884,143	3,213,143
2036 to 2040	2,537,000	675,315	3,212,315
2041 to 2045	2,767,000	447,746	3,214,746
2046 to 2050	3,016,000	199,513	3,215,513
2051	634,000	8,202	642,202
	$ 13,419,000	$ 3,290,646	$ 16,709,646

NOTE D - LONG-TERM DEBT

A summary of changes in long-term debt for the Sewer Authority for the year ended December 31, 2025, is as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025	Due Within One Year
SEWER AUTHORITY					
Loan payable	$ -	$ 147,179	$ -	$ 147,179	$ -
Compensated absences	43,110	11,447	-	54,557	-
TOTAL LONG-TERM LIABILITIES	$ 43,110	$ 158,626	$ -	$ 201,736	$ -

The change in compensated absences above is a net change for the year.

In March 2025, the Sewer Authority received funding through a debt obligation from the Pennsylvania Infrastructure Authority, not to exceed $1,793,906, bearing interest at a rate of 1.743% for years 1 through 5 and then 2.179% for years 5 through 20 with no prepayment penalty. The funding will be used to install a course bubble aeration system in the existing surge tank. Repayment will begin in 2026, once the project is completed.

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at December 31, 2025, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 40,375
General Fund	Recreation Center Fund	1,379,065
		$ 1,419,440

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers at December 31, 2025, are as follows:

	Transfer Out	Transfer In
General Fund	$ 2,145,000	$ -
Capital Reserve Fund	-	2,530,000
Other Governmental Funds	818,570	114,000
Recreation Center Fund	99,000	418,570
	$ 3,062,570	$ 3,062,570

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 and (2) use unrestricted revenues collected in the General Fund to account for saving for future capital projects.

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Further, for the year-ended December 31, 2025, the Township made the following transfers:

General Fund

- ***Transfers Out***
  - $2,130,000 to the Capital Reserve Fund - It has been common practice of the Board to transfer a portion of the annual increase in the General Fund balance to the Capital Reserve Fund for future capital projects.
  - $15,000 to the Autumn Festival Fund - This transfer was budgeted by the Board in support of the autumn festival.

Capital Reserve Fund

- ***Transfers In***
  - $2,130,000 from the General Fund - It has been common practice of the Board to transfer a portion of the annual increase in the General Fund balance to the Capital Reserve Fund for future capital projects.
  - $400,000 from the Park and Recreation Capital Fund - This transfer was budgeted by the Board to fund the Township's capital reserve for its significant capital purchases of culture and recreation expenditures.

Other Governmental Funds

- ***Transfers Out***
  - $400,000 to the Capital Reserve Fund - This transfer was budgeted by the Board to fund the Township's capital reserve for its significant capital purchases of culture and recreation expenditures.
  - $418,570 to the Recreation Center Fund - To reimburse the Recreation Center Fund for debt service payments.
- ***Transfers In***
  - $15,000 from the General Fund - This transfer was budgeted by the Board in support of the autumn festival.
  - $99,000 from the Recreation Center Fund - To reimburse the Debt Service Fund for debt service payment.

Recreation Center Fund

- ***Transfers Out***
  - $99,000 to the Debt Service Fund - To reimburse the Debt Service Fund for debt service payment.
- ***Transfers In***
  - $418,570 from the Debt Service Fund - To reimburse the Recreation Center Fund for debt service payment.

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Police 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. 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.

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the Police Pension Plan is vested in the Police Pension Plan Committee, which consists of up to nine members - two Township sworn Police Officers, the Finance Director-Treasurer, the Human Resources Director and five Township residents appointed by the Township. The Police Pension Plan Committee is responsible for advising, reviewing, monitoring, and making recommendations to the Board of Supervisors of Montgomery Township as to the administrative, operation and investment of the Police Pension Plan.

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

Inactive plan members or beneficiaries currently receiving benefits	26	*
Inactive plan members entitled to but not yet receiving benefits	1	
Active plan members	37	
	64	

* Includes 1 member in the DROP.

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Benefits Provided

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

Eligibility - All full-time members of the police force join the Plan upon employment.

Normal Retirement - A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment. For participants hired on or before January 1, 2021, the service increment is $100 for each year completed in excess of 25 years, with a maximum service increment of $500 after 30 years. The service increment for participants hired after January 1, 2021, has been eliminated. Average monthly compensation is based upon the last 36 months of employment. Compensation is defined as base pay plus longevity plus holiday pay (holiday pay effective January 1, 2008).

Late Retirement - If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

Early Retirement - Effective January 1, 2024, a member is eligible for early retirement after completion of 20 years of service. The early retirement pension is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

Disability Retirement - If an active member is disabled in the line of duty, he is eligible for a disability pension. The monthly disability pension is equal to 50% of the member's final monthly salary, offset by any Social Security disability benefit.

Death Benefits - If a member is vested at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.

Vesting - A member's benefits vest upon completion of 12 years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Deferred Retirement Option Program (DROP) - Effective January 1, 2005, a member who is eligible for Normal Retirement may elect the DROP. The DROP investment account is self-directed by the member. The maximum DROP period is 48 months (36 months prior to January 1, 2012).

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Contributions - The authority under which obligations to contribute to the Police Pension Plan by the plan members, employer and other contributing entities are established or may be amended include Act 600 and Act 205 (the "Act") of the Commonwealth of Pennsylvania and Montgomery Township Ordinances. The Act requires that annual contributions be based upon the calculation of the minimum municipal obligation ("MMO"). The MMO is based upon the biennial actuarial valuation.

As a condition of participation, participants are required to make bi-weekly contributions to the Plan. The amount of the contribution is equal to 5% of the participant's base and longevity pay. The participant's pay is the fixed rate of pay in effect on the first day of the contract year. If the plan actuary finds that the participants' contributions are no longer needed to fund the plan, the Township may reduce or eliminate these required contributions.

The Township allocates state aid received from the Commonwealth of Pennsylvania to the Plan. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute $396,405 to the plan for the year 2025. The Township's actual contributions for the plan year 2025 were $396,405 which was all funded by state aid.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Plan Committee based on consensus, with no minimum quorum required. It is the policy of the Police Pension Plan Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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. The following was the Committee's adopted asset allocation policy as of December 31, 2025:

Asset Class	Target Allocation
Domestic equity	63.00%
International equity	6.00%
Fixed income	25.00%
Cash	6.00%
	100.00%

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Concentrations - No investment in any one issuer is in excess of 5% of the Plan's total investments.

Rate of Return - For the year ended December 31, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the Township

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

Total pension liability	$ 29,358,644
Plan fiduciary net position	(31,427,954)
NET PENSION LIABILITY (ASSET)	$ (2,069,310)
Plan fiduciary net position as a percentage of the total pension liability	107.05%

Actuarial Assumptions - The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases (average, including inflation)	5.50%
Investment rate of return (including inflation)	7.50%
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using scale MP-2021 to reflect mortality improvement.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and 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 plan's target asset allocation as of December 31, 2025 (see the plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Cash	0.00% - 1.00%

Discount Rate - The discount rate is based on the long-term expected rate of return on pension plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2024	$ 27,375,702	$ 28,463,626	$ (1,087,924)
Service cost	699,665	-	699,665
Interest	2,135,960	-	2,135,960
Changes for experience	375,334	-	375,334
Contributions			
Employer	-	396,405	(396,405)
Member	-	255,682	(255,682)
Net investment income	-	3,555,858	(3,555,858)
Benefit payments	(1,228,017)	(1,228,017)	-
Administrative expense	-	(15,600)	15,600
Net Changes	1,982,942	2,964,328	(981,386)
Balances at December 31, 2025	$ 29,358,644	$ 31,427,954	$ (2,069,310)

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 7.50%, as well as what the Township's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ 1,570,556	$ (2,069,310)	$ (5,093,296)

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

For the year ended December 31, 2025, the Township recognized pension expense of $759,187. December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 328,417	$ 473,767
Changes in assumptions	91,147	-
Difference between projected and actual investment earnings	-	915,084
	$ 419,564	$ 1,388,851

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

Year Ending December 31,	
2026	$ 636,401
2027	(828,933)
2028	(509,552)
2029	(324,845)
2030	(36,190)
Thereafter	93,832

NOTE G - NON-UNIFORM EMPLOYEE PENSION PLAN

Plan Description

The Township has established the Montgomery Township Non-Uniform Employee Pension Plan (the "Plan"), which provides pension benefits for its full-time, non-uniform employees and its part-time, non-uniform employees working initially at least 1,000 hours per year. The Plan is a single-employer defined contribution money purchase pension plan under Section 401(a) of the Internal Revenue Code. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant's account and related returns on investments of those contributions. Benefits Consulting Group, Inc. serves as the third-party administrator for the Plan, maintaining records of individual account balances and administering receipt and payment of funds. All funds contributed by the employees and employer are invested with the American Funds through Smith Barney. The Plan does not issue separate, stand-alone financial statements.

Funding Policy

Each eligible employee covered under the Plan must contribute 4% of gross wages. The Township contributes 8% of each participating employee's gross wages to the Plan. The contributions for employees and earnings allocated to their accounts are immediately vested. Retirement benefits may be obtained at age 55.

The Township made contributions of $336,695, of which $295,717 was funded by state-shared revenues. Employee contributions to the Plan were $168,350.

No investment in any one issuer is in excess of 5% of the Plan's total investments.

NOTE H - DEFERRED COMPENSATION PLANS

Montgomery Township

The Township has a Deferred Compensation Plan (the "Plan") for its full-time and part-time permanent employees. The Plan, which is designed under the provisions of Section 457 of the Internal Revenue Code, permits employees to make voluntary contributions from their salary, which are excluded from federal taxable income. The Township contributes 2% of compensation to the Township Manager's and applicable Department Heads' accounts. Up to 25% of each participant's salary can be contributed and deferred under the Plan.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. The compensation deferred is managed by outside trustees under various investment options. As a result, the financial statements of the Deferred Compensation Plan are excluded from the accompanying financial statements.

NOTE H - DEFERRED COMPENSATION PLANS

Montgomery Township Municipal Sewer Authority

The Sewer Authority offers its employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to full-time Sewer Authority employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The compensation deferred is managed by an outside trustee under various investment options. The assets of the Plan are held in trust for the exclusive benefit of the Plan participants and their beneficiaries and shall not be diverted for any other purpose. As a result, the Sewer Authority excludes the financial statements of the Plan from its financial statements. For the year ended December 31, 2025, the Authority's contribution was $107,940.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides medical, prescription drug, dental and vision insurance benefits to eligible retired police officers and spouses through a single employer defined benefit plan. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Measurement Date

The total OPEB liability was determined as part of an actuarial valuation as of January 1, 2024.

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

Active participants	37
Vested former participants	3
Retired participants	3
	43

Eligibility for Benefits

An officer who retires on or after January 1, 2003, will be eligible for coverage upon retirement after attainment of age 50 with at least 25 years of service. In addition, an officer will be eligible upon occurring an on-duty disability or upon death of an active officer. Benefits will be provided as long as the officer is not eligible for medical coverage through other employment or through his or her spouse. If such an officer loses outside health coverage, he or she may be eligible again for coverage after certifying eligibility.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefits Provided

The Township pays 75% of the total cost of the employee and spouse for the medical (PPO or HMO), prescription drug, dental and vision plans for the first five years. Thereafter, the Township will pay 75% of the fifth-year premium and 50% of the premium increase for the sixth and succeeding years. Coverage will cease upon eligibility for Medicare.

Funding Policy and Funding Status

Member contributions are not required under the plan. The contribution requirements of plan members are established and may be amended by the Board of Supervisors. The Township is accounting for these expenditures on a “pay-as-you-go” basis. The costs of administering the plans are paid by the Township.

Assumptions

The following assumptions and actuarial methods and calculations were used:

Discount Rate - 4.28%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2025.

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.5%.

Withdrawal - Sample rates are shown below.

Age	Rate	Age	Rate	Age	Rate
20	5.50%	35	2.50%	50	0.00%
25	5.00%	40	1.00%	55	0.00%
30	4.00%	45	0.50%	60	0.00%

Mortality - PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability - SOA 1987 Group LTD Table - Males, 6-month elimination. Sample rates are shown below.

Age	Rate	Age	Rate	Age	Rate
20	0.0764%	35	0.1242%	50	0.5396%
25	0.0854%	40	0.1760%	55	0.9770%
30	0.0986%	45	0.2944%	60	1.4774%

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Retirement - Assumed 50% retirement after reaching age 50 with at least 25 years of service and 100% retirement after reaching age 53 with at least 28 years of service.

Percent of Eligible Retirees Electing Coverage in Plan - Before age 60, 50% of eligible retirees are assumed to elect medical, prescription drug, dental and vision coverage upon retiring. Thereafter, 75% of eligible retirees are assumed to elect coverage. 75% of vested former members are assumed to return to coverage at age 62.

Percent Married of Retirement - 80% of employees are assumed to be married and have a spouse covered by the plan at retirement. In the event of a retiree's death, it is assumed that the surviving spouse may continue coverage until the spouse becomes eligible for Medicare.

Spouse Age - Wives are assumed to be two years younger than their husbands.

Per Capita Claims Costs - The per capita claims cost for medical, prescription drug, and vision is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental costs are assumed to not vary with age or gender. The resulting costs are as follows:

	Medical and Prescription Drug Combined	
Age	Male	Female
45-49	$ 8,794	$ 12,700
50-54	11,647	14,354
55-59	14,185	15,019
60-64	18,511	17,254

Retirement Contributions - Retiree contributions are assumed to increase at the same rates as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate - 7.0% in 2024 and 2025 with a 0.5% decrease per year until 5.5% in 2028. Rates gradually decrease from 5.4% in 2029 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets - Equal to the Fair Value of Assets.

Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data - Based on census information as of January 1, 2024.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2024	$ 3,659,874
Changes for the year	
Service cost	228,570
Interest cost	151,935
Changes in assumptions	(39,825)
Benefit payments	(166,285)
Net changes	174,395
Balance at December 31, 2025	$ 3,834,269

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
Total OPEB liability	$ 4,221,463	$ 3,834,269	$ 3,487,015

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 3,377,704	$ 3,834,269	$ 4,378,404

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2025, the Township recognized OPEB expense of $306,809. At December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,670	$ 494,477
Changes in assumptions	538,042	618,330
Contributions subsequent to the measurement date	154,430	-
	$ 706,142	$ 1,112,807

$154,430 reported as deferred outflows of resources related to OPEB resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2026	$ (73,696)
2027	(73,696)
2028	(73,696)
2029	(73,688)
2030	(71,280)
Thereafter	(195,039)

NOTE J - LEASE

A lease agreement dated May 15, 1965, was executed between the Township and the Sewer Authority. Terms of the lease, which expired May 15, 2021, require the Township to lease the “sewage system” from the Sewer Authority. The agreement is continuing under the previously agreed upon terms until a new lease is agreed upon. The lease agreement was amended on April 15, 1970, March 15, 1988, December 1, 1991, November 15, 2001 and January 1, 2005.

NOTE J - LEASE

Under the lease, the Township is committed to make payments to the Sewer Authority in the event that sewer revenues are insufficient to cover operating and administrative expenses plus 110% of the required amount to be transferred to the Sewer Authority's Debt Service Fund, as required in the Sewer Authority's 2005 Trust Indenture.

As of December 31, 2025, sewer revenues exceeded sewer expenditures, and the Township has not been required to make the above-noted rental payments to the Sewer Authority.

The lease allows the Township to exercise an option to delegate the operation of the sewage system, together with the performance of any of the obligations under the lease, to an independent entity. The Township, however, is to remain liable for the due and proper performance of its obligations under the lease. Pursuant to an operating agreement dated May 15, 1965, the Township has delegated the operation of the sewer system to the Sewer Authority and has discharged all of its obligations under the sewage system leases with regard to the operation of the sewage system to the extent that revenues derived from the operation satisfy current operating expenditures.

NOTE K - FIRE SERVICES AGREEMENT

As discussed in Note A, during 2003, the Township entered into a Fire Services Agreement with the Fire Department. Among other things under the agreement, the Fire Department agreed to recruit qualified volunteers and to provide fire protection and related services to the Township during the term of the agreement. The agreement continues on a year-to-year basis, unless terminated by either party. The agreement may be terminated by the Township upon 120 days advance written notice to the Fire Department and may be terminated by the Fire Department upon 180 days advance written notice to the Township.

NOTE L - AGREEMENT WITH HATFIELD TOWNSHIP MUNICIPAL AUTHORITY

The Sewer Authority has entered into an agreement with the Hatfield Township Municipal Authority ("Hatfield") whereby Hatfield agrees to accept sewage for treatment from the Sewer Authority's collection system.

The agreement provides for the payment of a deferred capacity charge resulting in the Sewer Authority owning one-third of the capacity of the Hatfield Sewage Treatment Plant ("Treatment Plant"). The agreement also provides for a new expansion and upgrading of the Treatment Plant. They are currently in arbitration for approximately $500,000 which has been recorded in the financial statements.

The Sewer Authority pays an annual operating charge in quarterly installments to Hatfield, which is the Sewer Authority's pro-rata share of the net operating and maintenance expense of the Treatment Plant.

NOTE M - RISK MANAGEMENT

Montgomery Township

The Township is exposed to various risks of loss related to third-party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, injuries to employees and claims for medical benefits provided by the Township to its employees and dependents. As a method of financing these risks, the Township joined the Delaware Valley Property and Liability Trust (DVPLT), Delaware Valley Workers' Compensation Trust (DVWCT) and the Delaware Valley Health Trust (DVHT).

DVPLT is an association of municipalities, which has formed a self-insurance risk-sharing pool. The pool covers the following risks: comprehensive general liability, business automobile liability, police professional liability, real and personal property liability and first party automobile physical damage. In addition, DVPLT also purchases public employees' blanket bond, crime, public officials and boiler/machinery coverage for the Township. DVPLT is funded by annual contributions by its member municipalities, which are assessed at the beginning of each year. The Township's liability limits per incident range from $0 to $3,500, except for incidents involving floods, in which the Townships liability limit per incident is $25,000.

DVWCT is a regional municipal risk retention pool formed under the authority granted by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation. DVWCT provides a method of financing an employer's medical and indemnity obligations due to municipal employees under the Pennsylvania Workers' Compensation Act. For the pool coverage, there is a total risk and cost sharing for all participants. Liabilities in excess of assets of DVWCT may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses. The Township does not have any claim liability in addition to premiums unless an assessment is made by DVWCT.

DVHT is an intergovernmental risk sharing pool authorized under the Pennsylvania Inter-governmental Cooperation Act. DVHT serves as a vehicle to provide health insurance coverage to participating municipal employees and dependents. DVHT acts as the primary administrator of the coverage and contracts with Aetna to provide substantially all services, including claims administration and payment processing, as well as network access services and reinsurance coverage. DVHT maintains specific stop loss insurance/reinsurance coverage that limits losses on individual claims up to the maximum lifetime benefit of the plan. DVHT may impose an assessment on current and former members to recover deficits.

There have been no significant reductions in insurance coverage during the year ended December 31, 2025, and settlements have not exceeded coverage in the past three years.

Montgomery Township Municipal Sewer Authority

The Sewer Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; worker's compensation; healthcare costs; and natural disasters for which the Sewer Authority carries commercial insurance. There have been no significant reductions in coverage from prior years, and settlements have not exceeded coverage in the past three years.

NOTE N - COMMITMENTS AND CONTINGENCIES

The Township has a number of tax assessment appeals pending before the Court of Common Pleas of Montgomery County. Management of the Township has indicated that no definitive opinion can be expressed as to the ultimate outcome of the litigation.

The Township is involved in various other legal matters. Management believes the outcome of any potential claims will not have a material effect on the financial statements.

NOTE O - COMBINING STATEMENTS OF FIDUCIARY FUNDS

A combining schedule of fiduciary net position for the Pension Trust Funds is as follows:

	Police Pension Fund	Non-Uniform Employee Pension Fund	Total Pension Trust Funds
ASSETS			
Cash	$ 211,131	$ -	$ 211,131
Investments, mutual funds			
Equity	21,180,402	11,710,462	32,890,864
Fixed income	6,910,230	-	6,910,230
Balanced	3,125,967	-	3,125,967
Accrued interest receivable	224	-	224
TOTAL ASSETS	31,427,954	11,710,462	43,138,416
NET POSITION			
Net position restricted for pensions	$ 31,427,954	$ 11,710,462	$ 43,138,416

NOTE O - COMBINING STATEMENTS OF FIDUCIARY FUNDS

A combining schedule of changes in fiduciary net position for the Pension Trust Funds is as follows:

	Police Pension Fund	Non-Uniform Employee Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Plan member contributions	$ 255,682	$ 168,350	$ 424,032
Employer contributions	-	40,978	40,978
Other contributions			
Commonwealth of Pennsylvania	396,405	295,717	692,122
TOTAL CONTRIBUTIONS	652,087	505,045	1,157,132
Investment earnings			
Interest income	866,664	940,552	1,807,216
Gain on investments	2,733,853	880,132	3,613,985
Investment expenses	(44,659)	(12,702)	(57,361)
INVESTMENT EARNINGS, net	3,555,858	1,807,982	5,363,840
TOTAL ADDITIONS	4,207,945	2,313,027	6,520,972
DEDUCTIONS			
Employee benefit payments	1,228,017	561,226	1,789,243
Administrative expenses	15,600	-	15,600
TOTAL DEDUCTIONS	1,243,617	561,226	1,804,843
CHANGE IN NET POSITION	2,964,328	1,751,801	4,716,129
NET POSITION AT BEGINNING OF YEAR	28,463,626	9,958,661	38,422,287
NET POSITION AT END OF YEAR	$ 31,427,954	$ 11,710,462	$ 43,138,416

NOTE P - CORRECTION OF AN ERROR

During the year, the Township became aware of an adjustment in the amount of $821,040 necessary to properly report the depreciable capital assets of the Recreation Center Fund at the beginning of the year on the proprietary fund statements. As a result of this adjustment, the net position at the beginning of the year increased from $915,703 to $1,736,743, and depreciable capital assets increased from $8,775,492 to $9,596,532. On the government-wide financial statements, the net position at the beginning of the year and depreciable capital assets of the Business-Type Activities opinion unit was impacted by the same amounts.

During the year, the Sewer Authority became aware of an adjustment in the amount of $83,945 necessary to properly report cash and cash equivalents at the entity-wide level of the financial statements at the beginning of the year. This balance was previously reported as escrows under the Sewer Authority's custodial fund. As a result of this adjustment, the net position at the beginning of the year increased from $39,289,316 to $39,373,261.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 13,775,000	$ 13,775,000	$ 15,218,754	$ 1,443,754
Licenses and permits	964,500	964,500	1,743,149	778,649
Fines and forfeits	100,000	100,000	100,724	724
Interest income, rents and royalties	150,000	150,000	413,146	263,146
Intergovernmental revenues	875,000	875,000	1,011,946	136,946
Charges for services	70,000	70,000	535,843	465,843
Unclassified operating revenues	-	-	358,294	358,294
TOTAL REVENUES	15,934,500	15,934,500	19,381,856	3,447,356
EXPENDITURES				
General government	3,001,330	3,001,330	3,099,872	(98,542)
Public safety	10,552,874	10,552,874	10,236,732	316,142
Public works				
Highways and streets	2,661,775	2,661,775	2,405,027	256,748
Culture and recreation	35,000	35,000	-	35,000
TOTAL EXPENDITURES	16,250,979	16,250,979	15,741,631	509,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(316,479)	(316,479)	3,640,225	3,956,704
OTHER FINANCING USES				
Interfund transfers out	(2,015,000)	(2,015,000)	(2,145,000)	(130,000)
NET CHANGE IN FUND BALANCE	(2,331,479)	(2,331,479)	1,495,225	3,826,704
FUND BALANCE AT BEGINNING OF YEAR	9,267,618	9,267,618	9,267,618	-
FUND BALANCE AT END OF YEAR	$ 6,936,139	$ 6,936,139	$ 10,762,843	$ 3,826,704

See accompanying note to the budgetary comparison schedule.

NOTE A - BUDGETARY INFORMATION

The Township follows these statutory procedures in establishing the budgetary data reflected in the financial statements.

- The Board of Township Supervisors each year, at least 30 days prior to adoption of the annual budget, begins preparation of a proposed budget for all funds for the fiscal year, which commences on the first day of January of each year, and by ordinance appropriate, out of the revenues available for the year, the specific sums required as shown by the budget as finally adopted.

- The total appropriation shall not exceed the revenues estimated as available for the fiscal year.

- Upon preparation of the proposed budget, the Supervisors give public notice, by advertisement in at least one newspaper of general circulation in the Township, that the proposed budget will be available for public inspection.

- After the budget has been available for public inspection for 20 days, the Supervisors adopt the budget not later than the 31st of December.

- The Supervisors may at any time by resolution make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any authorized borrowing by law.

- During the month of January following any municipal election, the Supervisors may amend the budget and levy a tax rate to conform with its amended budget. Any amended budget must be adopted by the Township Supervisors on or before the 15th day of February.

- Budgets for all funds are presented on the modified accrual basis of accounting.

- Any excess expenditures were funded by available fund balance in the General Fund.

MONTGOMERY TOWNSHIP

SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 699,665	$ 653,423	$ 619,358	$ 648,638
Interest	2,135,960	1,536,135	2,101,002	1,823,971
Changes for experience	375,334	-	(664,877)	-
Changes of assumptions	-	-	-	-
Benefit payments	(1,228,017)	(1,669,520)	(1,255,390)	(1,198,516)
NET CHANGE IN TOTAL PENSION LIABILITY	1,982,942	520,038	800,093	1,274,093
Total pension liability, beginning	27,375,702	26,855,664	26,055,571	24,781,478
TOTAL PENSION LIABILITY, ENDING (a)	$ 29,358,644	$ 27,375,702	$ 26,855,664	$ 26,055,571
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 396,405	$ 379,089	$ 680,000	$ 631,028
Member	255,682	243,586	217,557	210,706
Net investment income (loss)	3,555,858	2,855,667	3,473,424	(5,159,543)
Benefit payments, including refunds of member contributions	(1,228,017)	(1,669,520)	(1,255,390)	(1,198,516)
Administrative expense	(15,600)	-	(15,840)	(4,755)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,964,328	1,808,822	3,099,751	(5,521,080)
Plan fiduciary net position, beginning	28,463,626	26,654,804	23,555,053	29,076,133
PLAN FIDUCIARY NET, POSITION ENDING (b)	$ 31,427,954	$ 28,463,626	$ 26,654,804	$ 23,555,053
NET PENSION LIABILITY, (ASSET) ENDING (a)-(b)	$ (2,069,310)	$ (1,087,924)	$ 200,860	$ 2,500,518
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	107.05%	103.97%	99.25%	90.40%
COVERED PAYROLL	$ 4,999,647	$ 4,921,029	$ 4,500,134	$ 4,108,091
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-41.39%	-22.11%	4.46%	60.87%

NOTES TO SCHEDULE

Changes of assumptions: In 2019, amounts reported as changes of assumptions resulted from changing the mortality rates from being based on the IRS 2017 Static Combined Table for Small Plans to the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. In 2017, amounts reported as changes of assumptions resulted from changing the mortality rates from being based on the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Table for Small Plans. In 2015, amounts reported as changes of assumptions resulted from changing the assumed investment rate of return and the assumed discount rate from 8.0% to 7.5%, and changing the assumed annual salary increase from 6.0% to 5.5%.

2021	2020	2019	2018	2017	2016
$ 614,823	$ 562,404	$ 533,084	$ 505,591	$ 479,233	$ 475,597
1,780,855	1,678,250	1,565,742	1,453,258	1,410,216	1,350,674
(44,345)	-	(187,162)	-	(868,285)	-
-	-	410,158	-	508,899	-
(879,037)	(885,779)	(840,472)	(843,423)	(1,363,681)	(527,896)
1,472,296	1,354,875	1,481,350	1,115,426	166,382	1,298,375
23,309,182	21,954,307	20,472,957	19,357,531	19,191,149	17,892,774
$ 24,781,478	$ 23,309,182	$ 21,954,307	$ 20,472,957	$ 19,357,531	$ 19,191,149
$ 812,228	$ 809,367	$ 851,857	$ 822,819	$ 770,721	$ 761,309
203,383	211,410	194,827	201,729	174,963	165,677
3,699,360	3,485,262	3,630,437	(778,976)	2,412,208	947,050
(879,037)	(885,779)	(840,472)	(843,423)	(1,363,681)	(527,896)
(10,460)	-	-	(4,530)	(15,740)	(3,910)
3,825,474	3,620,260	3,836,649	(602,381)	1,978,471	1,342,230
25,250,659	21,630,399	17,793,750	18,396,131	16,417,660	15,075,430
$ 29,076,133	$ 25,250,659	$ 21,630,399	$ 17,793,750	$ 18,396,131	$ 16,417,660
$ (4,294,655)	$ (1,941,477)	$ 323,908	$ 2,679,207	$ 961,400	$ 2,773,489
117.33%	108.33%	98.52%	86.91%	95.03%	85.55%
$ 4,090,066	$ 3,974,721	$ 3,865,415	$ 3,868,025	$ 3,481,326	$ 3,317,883
-105.00%	-48.85%	8.38%	69.27%	27.62%	83.59%

MONTGOMERY TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022
ACTUARIALLY DETERMINED CONTRIBUTION	$ 396,405	$ 316,605	$ 678,328	$ 631,028
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	396,405	379,089	680,000	631,028
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ (62,484)	$ (1,672)	$ -
COVERED PAYROLL	$ 4,999,647	$ 4,921,029	$ 4,500,134	$ 4,108,091
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	7.93%	7.70%	15.11%	15.36%

NOTES TO SCHEDULE

Valuation date: January 1, 2023

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	N/A
Asset valuation method	Smoothed value with a corridor of 80% to 120% of fair value.
Inflation	3%
Salary increases	5.5% annual increase
Investment rate of return	7.5%
Retirement age	Normal retirement age
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in benefit terms:
Eliminate Service increment for those hired after 1/1/2021 and add early retirement provision effective 1/1/2024.

2021	2020	2019	2018	2017	2016
$ 812,228	$ 809,364	$ 851,856	$ 822,819	$ 770,721	$ 761,309
812,228	809,367	851,857	822,819	770,721	761,309
$ -	$ (3)	$ (1)	$ -	$ -	$ -
$ 4,090,066	$ 3,974,721	$ 3,865,415	$ 3,868,025	$ 3,481,326	$ 3,317,883
19.86%	20.36%	22.04%	21.27%	22.14%	22.95%

MONTGOMERY TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	12.82%	10.83%	14.75%	-17.99%

2021	2020	2019	2018	2017	2016
14.59%	15.78%	20.06%	-4.18%	14.84%	6.03%

MONTGOMERY TOWNSHIP

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022
TOTAL OPEB LIABILITY				
Service cost	$ 228,570	$ 194,225	$ 281,362	$ 314,284
Interest	151,935	160,086	98,137	85,815
Difference between expected and actual experience	-	(259,081)	-	(372,002)
Changes of assumptions	(39,825)	138,435	(748,195)	98,527
Benefit payments	(166,285)	(204,802)	(175,801)	(181,578)
NET CHANGE IN TOTAL OPEB LIABILITY	174,395	28,863	(544,497)	(54,954)
TOTAL OPEB LIABILITY, BEGINNING	3,659,874	3,631,011	4,175,508	4,230,462
TOTAL OPEB LIABILITY, ENDING	$ 3,834,269	$ 3,659,874	$ 3,631,011	$ 4,175,508
COVERED-EMPLOYEE PAYROLL	$ 4,934,685	$ 4,934,685	$ 4,469,933	$ 4,469,933
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	77.70%	74.17%	81.23%	93.41%

NOTES TO SCHEDULE

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2025 valuation, the discount rate changed from 4.00% to 4.28%. The trend and retirement assumptions were updated. In the 2024 valuation, the discount rate changed from 4.31% to 4.00%. The trend and retirement assumptions were updated. In the 2022 valuation, the discount rate changed from 2.25% to 4.31%. The trend and retirement assumptions were updated. In the 2020 valuation, the discount rate changed from 3.26% to 1.93%. In the 2019 actuarial valuation, the discount rate changed from 3.64% to 3.26%. In the In the 2018 actuarial valuation, the discount rate changed from 3.16% to 3.64%. In the 2017 actuarial valuation, the discount rate changed from 3.71% to 3.16%. The trend assumption was updated.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

2021	2020	2019	2018
$ 231,446	$ 198,579	$ 210,147	$ 187,611
120,987	123,658	107,879	121,756
-	30,080	-	(177,908)
483,123	115,459	(140,143)	148,960
(185,272)	(188,136)	(176,955)	(163,741)
650,284	279,640	928	116,678
3,580,178	3,300,538	3,299,610	3,182,932
$ 4,230,462	$ 3,580,178	$ 3,300,538	$ 3,299,610
$ 3,986,097	$ 3,986,097	$ 3,408,647	$ 3,408,647
106.13%	89.82%	96.83%	96.80%

MONTGOMERY TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2025

The Township has adopted an alternative process for recording depreciation on certain infrastructure assets. Under this alternative method, referred to as the modified approach, the Township expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 73.92 lane miles of local roads, 776,540 linear feet of curbs and 3,057,389 square feet of sidewalks.

In order to utilize the modified approach, the Township is required to:

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Township.
- Document that the assets are being preserved approximately at or above the established condition level.

The Montgomery Township Department of Public Works uses a number of methods to determine the condition of roadway pavements; however, the Pavement Condition Index (PCI) serves as the Township's primary method to measure and monitor pavement condition of its local roads. The PCI is a visual analysis conducted by an engineer and Public Works Director. It includes a five point scale evaluating the conditions of roadway surfaces from Excellent to Failed with corresponding maintenance and repair work recommendations. During the annual assessment inspection of road surfaces, the Township Engineer and Public Works Director inspect the adjoining curb/sidewalk facilities to determine those needing repair or replacement.

The Township manages the conditions of its road pavements and curbs/sidewalks through its 16-Year Road Plan. This plan calculates the amount of funds needed to be budgeted on an annual basis to resurface all Township-owned roads every 16 years and replace all curbs/sidewalks every 25-30 years. It is based on the premise that road pavement surfaces will start to show signs of major distress after 16 years and that necessary curbs/sidewalk replacements need to occur a year in advance of the scheduled road resurfacing to maintain the pavement's integrity after resurfacing. Funding for the 16-Year Road Plan is included in annual General Fund and Liquid Fuels Fund budgets.

The Township's policy is that no more than 20% of local road pavements and curbs/sidewalks will have a condition rating as "poor" or "very poor." The Township assesses conditions of its road and curbs/sidewalks every three years and makes necessary adjustments to the pavement resurfacing and curb/sidewalk replacement schedule based on that assessment. The following reports the percentage of road pavements and curbs/sidewalks that met this rating as of the last three evaluation periods:

	% of Streets		
Condition	2023	2020	2017
Excellent/good - rating of III - V	94%	94%	94%
Fair/poor - rating of II	6%	6%	6%
Very poor/failed - rating of I	0%	0%	0%

MONTGOMERY TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2025

The following chart presents the estimated and actual amounts spent on road resurfacing and curb/sidewalk replacement work during the past five fiscal years to maintain and preserve the assets at the condition level established by the Township:

Fiscal Year Ended	Estimated Cost	Actual Cost
2025	$ 375,000	$ 272,067
2024	1,124,000	873,098
2023	264,000	93,606
2022	211,050	373,267
2021	1,144,500	578,864

SUPPLEMENTARY INFORMATION SECTION

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Budget
REVENUES				
Taxes				
Real estate	$ 3,020,000	$ 3,020,000	$ 3,037,535	$ 17,535
Earned income	6,200,000	6,200,000	6,743,848	543,848
Transfer	750,000	750,000	1,029,298	279,298
Mercantile	2,200,000	2,200,000	2,443,834	243,834
Local services	550,000	550,000	606,936	56,936
Amusement	55,000	55,000	78,488	23,488
Business privilege	1,000,000	1,000,000	1,278,815	278,815
TOTAL TAXES	13,775,000	13,775,000	15,218,754	1,443,754
Licenses and permits				
Building	350,000	350,000	937,100	587,100
Zoning	15,000	15,000	18,607	3,607
Electrical	15,000	15,000	57,248	42,248
Plumbing	10,000	10,000	16,110	6,110
Street	7,500	7,500	6,250	(1,250)
Fence	7,500	7,500	9,250	1,750
Use and occupancy	10,000	10,000	15,830	5,830
Roofing and siding	25,000	25,000	43,875	18,875
Grading	3,000	3,000	3,600	600
Demolition	5,000	5,000	18,904	13,904
Heat, vent and air conditioning	40,000	40,000	116,034	76,034
Sign	10,000	10,000	15,940	5,940
Cable television franchise fees	425,000	425,000	434,337	9,337
Other	41,500	41,500	50,064	8,564
TOTAL LICENSES AND PERMITS	964,500	964,500	1,743,149	778,649
Fines and forfeits, police	100,000	100,000	100,724	724
Interest income, rents and royalties	150,000	150,000	413,146	263,146
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	15,972	972
Municipal Pension System State Aid	615,000	615,000	692,122	77,122
Foreign Fire Tax	200,000	200,000	234,007	34,007
Other state grants	45,000	45,000	69,845	24,845
TOTAL INTERGOVERNMENTAL REVENUES	875,000	875,000	1,011,946	136,946
Charges for services				
Administrative	20,000	20,000	2,785	(17,215)
Automated red light enforcement	-	-	423,118	423,118
Police services	50,000	50,000	109,940	59,940
TOTAL CHARGES FOR SERVICES	70,000	70,000	535,843	465,843
Unclassified operating revenues	-	-	358,294	358,294
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 15,934,500	$ 15,934,500	$ 19,381,856	$ 3,447,356

MONTGOMERY TOWNSHIP

SCHEDULE OF FUNCTIONAL EXPENDITURES BY
ACTIVITY AND OTHER FINANCING USES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Budget
EXPENDITURES				
General government				
Administration	$ 1,520,330	$ 1,520,330	$ 1,574,658	$ 54,328
Tax collection	208,000	208,000	201,966	(6,034)
Legal services	92,500	92,500	102,273	9,773
Finance	577,208	577,208	603,454	26,246
Information technology	531,292	531,292	448,420	(82,872)
Engineering	72,000	72,000	169,101	97,101
TOTAL GENERAL GOVERNMENT	3,001,330	3,001,330	3,099,872	98,542
Public safety				
Police services	9,488,664	9,488,664	9,121,255	(367,409)
Fire protection	223,500	223,500	250,007	26,507
Code enforcement	640,710	640,710	665,470	24,760
Emergency and VMSC	200,000	200,000	200,000	-
TOTAL PUBLIC SAFETY	10,552,874	10,552,874	10,236,732	(316,142)
Highways and streets				
Public works	2,362,275	2,362,275	2,153,137	(209,138)
Snow and ice removal	90,500	90,500	116,344	25,844
Traffic	136,000	136,000	81,301	(54,699)
Street lighting	8,000	8,000	1,589	(6,411)
Storm sewers and drains	15,000	15,000	16,258	1,258
Maintenance and repairs of roads and bridges	50,000	50,000	36,398	(13,602)
Construction and rebuilding projects	-	-	-	-
TOTAL HIGHWAYS AND STREETS	2,661,775	2,661,775	2,405,027	(256,748)
Culture and recreation				
Libraries	35,000	35,000	-	(35,000)
TOTAL EXPENDITURES	16,250,979	16,250,979	15,741,631	(509,348)
OTHER FINANCING USES				
Transfers out				
Capital Reserve Fund	2,000,000	2,000,000	2,130,000	130,000
Autumn Festival Fund	15,000	15,000	15,000	-
TOTAL OTHER FINANCING USES	2,015,000	2,015,000	2,145,000	130,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 18,265,979	$ 18,265,979	$ 17,886,631	$ (379,348)

MONTGOMERY TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue			
	Fire Protection Fund	Park and Recreation Fund	Street Light Fund	Highway Aid Fund
ASSETS				
Cash and cash equivalents	$ 403,474	$ 941,769	$ 422,816	$ 2,270,296
Taxes receivable	177,965	9,699	-	-
Accounts receivable	7,540	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ 588,979	$ 951,468	$ 422,816	$ 2,270,296
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	$ 3,885	$ -	$ -	$ -
Accrued payroll	67,718	3,112	3	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	71,603	3,112	3	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	11,706	5,644	-	-
Income taxes	48,850	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	60,556	5,644	-	-
FUND BALANCES				
Nonspendable, prepaid items	-	-	-	-
Restricted				
Providing and maintaining street lights	-	-	422,813	-
Debt service	-	-	-	-
Park and recreation capital projects	-	-	-	-
Highway and street projects	-	-	-	2,270,296
Park and recreation activities	-	942,712	-	-
Committed to				
Arbor Day and shade tree commission	-	-	-	-
Environmental	-	-	-	-
Fire protection capital purchases and/or infrastructure projects	456,820	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	456,820	942,712	422,813	2,270,296
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 588,979	$ 951,468	$ 422,816	$ 2,270,296

Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Capital Projects Park and Recreation Capital Fund	Debt Service Fund	Total Other Governmental Funds
$ 23,449	$ 423,573	$ -	$ 16,472	$ 491,907	$ 4,993,756
-	-	-	-	18,680	206,344
-	-	-	-	-	7,540
-	-	11,450	-	-	11,450
$ 23,449	$ 423,573	$ 11,450	$ 16,472	$ 510,587	$ 5,219,090
$ -	$ 689	$ -	$ -	$ -	$ 4,574
-	-	-	-	-	70,833
-	-	40,375	-	-	40,375
-	689	40,375	-	-	115,782
-	-	-	-	10,870	28,220
-	-	-	-	-	48,850
-	-	-	-	10,870	77,070
-	-	11,450	-	-	11,450
-	-	-	-	-	422,813
-	-	-	-	499,717	499,717
-	-	-	16,472	-	16,472
-	-	-	-	-	2,270,296
-	-	-	-	-	942,712
-	422,884	-	-	-	422,884
23,449	-	-	-	-	23,449
-	-	-	-	-	456,820
-	-	(40,375)	-	-	(40,375)
23,449	422,884	(28,925)	16,472	499,717	5,026,238
$ 23,449	$ 423,573	$ 11,450	$ 16,472	$ 510,587	$ 5,219,090

MONTGOMERY TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue			
	Fire Protection Fund	Park and Recreation Fund	Street Light Fund	Highway Aid Fund
REVENUES				
Taxes	$ 1,580,107	$ 515,347	$ 134,799	$ -
Interest income, rents and royalties	25,490	43,829	18,542	93,779
Intergovernmental revenues	16,322	-	-	702,236
Charges for services	105,840	8,889	363	-
Unclassified operating revenues	7,044	2,220	-	-
TOTAL REVENUES	1,734,803	570,285	153,704	796,015
EXPENDITURES				
Current				
Public safety	1,943,716	-	-	-
Public works				
Sanitation	-	-	-	-
Highways and streets	-	-	112,783	272,067
Culture and recreation	-	528,618	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	1,943,716	528,618	112,783	272,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(208,913)	41,667	40,921	523,948
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	(208,913)	41,667	40,921	523,948
FUND BALANCES AT BEGINNING OF YEAR	665,733	901,045	381,892	1,746,348
FUND BALANCES AT END OF YEAR	$ 456,820	$ 942,712	$ 422,813	$ 2,270,296

Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Capital Projects Park and Recreation Capital Fund	Debt Service Fund	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ 994,370	$ 3,224,623
-	18,773	-	233	32,615	233,261
-	-	-	-	-	718,558
-	-	35,475	-	-	150,567
-	5,225	21,605	-	-	36,094
-	23,998	57,080	233	1,026,985	4,363,103
-	-	-	-	-	1,943,716
52,828	-	-	-	-	52,828
-	-	-	-	-	384,850
-	39,047	91,091	-	-	658,756
-	-	-	-	405,000	405,000
-	-	-	-	236,718	236,718
52,828	39,047	91,091	-	641,718	3,681,868
(52,828)	(15,049)	(34,011)	233	385,267	681,235
-	-	15,000	-	99,000	114,000
-	-	-	(400,000)	(418,570)	(818,570)
-	-	15,000	(400,000)	(319,570)	(704,570)
(52,828)	(15,049)	(19,011)	(399,767)	65,697	(23,335)
76,277	437,933	(9,914)	416,239	434,020	5,049,573
$ 23,449	$ 422,884	$ (28,925)	$ 16,472	$ 499,717	$ 5,026,238

MONTGOMERY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest income, rents and royalties	$ 250,000	$ 250,000	$ 351,682	$ 101,682
Intergovernmental revenues	1,910,986	1,910,986	-	(1,910,986)
Unclassified operating revenues	-	-	7,084	7,084
TOTAL REVENUES	2,160,986	2,160,986	358,766	(1,802,220)
EXPENDITURES				
General government				
Administration	10,000	10,000	170,377	160,377
Information technology	28,000	28,000	6,188	(21,812)
Buildings and grounds	620,000	620,000	134,999	(485,001)
TOTAL GENERAL GOVERNMENT	658,000	658,000	311,564	(346,436)
Public safety				
Police services	490,272	490,272	528,507	38,235
Fire protection	150,000	150,000	84,635	(65,365)
Code enforcement	65,000	65,000	-	(65,000)
TOTAL PUBLIC SAFETY	705,272	705,272	613,142	(92,130)
Highways and streets				
Public works	430,000	430,000	983,844	553,844
Traffic	1,707,161	1,707,161	488,071	(1,219,090)
Stormwater	1,253,000	1,253,000	50,564	(1,202,436)
Highway construction and rebuilding	579,400	579,400	653,128	73,728
TOTAL HIGHWAYS AND STREETS	3,969,561	3,969,561	2,175,607	(1,793,954)
Culture and recreation	4,075,291	4,075,291	1,192,115	(2,883,176)
TOTAL EXPENDITURES	9,408,124	9,408,124	4,292,428	(5,115,696)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,247,138)	(7,247,138)	(3,933,662)	3,313,476
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	152,797	152,797
Transfers in	2,400,000	2,400,000	2,530,000	130,000
TOTAL OTHER FINANCING SOURCES	2,400,000	2,400,000	2,682,797	282,797
NET CHANGE IN FUND BALANCE	(4,847,138)	(4,847,138)	(1,250,865)	3,596,273
FUND BALANCE AT BEGINNING OF YEAR	8,457,605	8,457,605	8,457,605	-
FUND BALANCE AT END OF YEAR	$ 3,610,467	$ 3,610,467	$ 7,206,740	$ 3,596,273

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2025

	Fire Protection Fund		Park and Recreation Fund		Street Light Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Taxes						
Real estate	$ 1,065,000	$ 1,070,747	$ 507,500	$ 515,347	$ 135,000	$ 134,799
Earned income	310,000	310,240	-	-	-	-
Local services	180,000	199,120	-	-	-	-
TOTAL TAXES	1,555,000	1,580,107	507,500	515,347	135,000	134,799
Interest income, rents and royalties	15,000	25,490	15,000	43,829	7,500	18,542
Intergovernmental revenues						
State	-	16,322	-	-	-	-
Charges for services						
Department services	50,500	105,840	-	-	500	363
Recreation fees	-	-	500	8,889	-	-
TOTAL CHARGES FOR SERVICES	50,500	105,840	500	8,889	500	363
Unclassified operating revenues	500	7,044	-	2,220	-	-
TOTAL REVENUES	1,621,000	1,734,803	523,000	570,285	143,000	153,704
EXPENDITURES						
Public safety, fire protection	2,008,140	1,943,716	-	-	-	-
Sanitation	-	-	-	-	-	-
Highways and streets						
Street lighting	-	-	-	-	80,143	112,783
Repairs	-	-	-	-	-	-
TOTAL HIGHWAYS AND STREETS	-	-	-	-	80,143	112,783
Culture and recreation	-	-	659,000	528,618	-	-
TOTAL EXPENDITURES	2,008,140	1,943,716	659,000	528,618	80,143	112,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(387,140)	(208,913)	(136,000)	41,667	62,857	40,921
OTHER FINANCING USES						
Transfers in	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(387,140)	(208,913)	(136,000)	41,667	62,857	40,921
FUND BALANCES AT BEGINNING OF YEAR	665,733	665,733	901,045	901,045	381,892	381,892
FUND BALANCES AT END OF YEAR	$ 278,593	$ 456,820	$ 765,045	$ 942,712	$ 444,749	$ 422,813

Highway Aid Fund		Environmental Fund		Replacement Tree Fund		Autumn Festival Fund	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,000	93,779	500	-	7,500	18,773	500	-
687,407	702,236	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,225	17,500	57,080
737,407	796,015	500	-	12,500	23,998	18,000	57,080
-	-	-	-	-	-	-	-
-	-	53,000	52,828	-	-	-	-
-	-	-	-	-	-	-	-
375,000	272,067	-	-	-	-	-	-
375,000	272,067	-	-	-	-	-	-
-	-	-	-	55,500	39,047	67,000	91,091
375,000	272,067	53,000	52,828	55,500	39,047	67,000	91,091
362,407	523,948	(52,500)	(52,828)	(43,000)	(15,049)	(49,000)	(34,011)
-	-	-	-	-	-	15,000	15,000
362,407	523,948	(52,500)	(52,828)	(43,000)	(15,049)	(34,000)	(19,011)
1,746,348	1,746,348	76,277	76,277	437,933	437,933	(9,914)	(9,914)
$ 2,108,755	$ 2,270,296	$ 23,777	$ 23,449	$ 394,933	$ 422,884	$ (43,914)	$ (28,925)

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES--BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2025

	Park and Recreation Capital Fund	
	Budget	Actual
REVENUES		
Interest income, rents and royalties	$ 1,000	$ 233
OTHER FINANCING USES		
Interfund transfers out		
Capital Reserve Fund	(400,000)	(400,000)
NET CHANGE IN FUND BALANCES	(399,000)	(399,767)
FUND BALANCES AT BEGINNING OF YEAR	416,239	416,239
FUND BALANCES AT END OF YEAR	$ 17,239	$ 16,472

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE--BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2025

	Debt Service Fund	
	Budget	Actual
REVENUES		
Taxes, real estate	$ 990,000	$ 994,370
Interest income, rents and royalties	10,000	32,615
TOTAL REVENUES	1,000,000	1,026,985
EXPENDITURES		
Debt service		
Principal retirement	405,000	405,000
Interest	336,000	236,718
TOTAL EXPENDITURES	741,000	641,718
EXCESS OF REVENUES OVER EXPENDITURES	259,000	385,267
OTHER FINANCING SOURCES (USES)		
Transfers in	99,000	99,000
Transfers out	(320,000)	(418,570)
TOTAL OTHER FINANCING USES	(221,000)	(319,570)
NET CHANGE IN FUND BALANCE	38,000	65,697
FUND BALANCE AT BEGINNING OF YEAR	434,020	434,020
FUND BALANCE AT END OF YEAR	$ 472,020	$ 499,717

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Montgomery Township annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Township's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its property and local enabling taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place and to help make comparisons over time and with other governments.

Operation Information

These schedules contain service and miscellaneous data to help the reader understand how the information in the Township's financial report relates to the service the Township provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year. The Township implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Montgomery Township
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	$ 124,511,999	$ 124,659,006	$ 124,403,036	$ 125,329,515	$ 119,375,518	$ 117,199,087	$ 113,956,693	$ 112,672,031	$ 113,030,543	$ 113,595,908
Restricted	4,152,010	3,879,544	3,475,994	1,775,926	1,390,189	1,217,137	1,559,263	1,646,171	1,646,975	1,622,842
Unrestricted	17,472,713	15,760,319	10,739,809	10,380,509	13,547,901	13,190,645	14,367,226	14,118,867	15,542,690	13,895,248
Total Government Activities Net Position	$ 146,136,722	$ 144,298,869	$ 138,618,839	$ 137,485,950	$ 134,313,608	$ 131,606,869	$ 129,883,182	$ 128,437,069	$ 130,220,208	$ 129,113,998
Business-Type Activities										
Net Investment in Capital Assets	$ 2,834,871	$ 1,927,192	$ 1,869,136	$ 1,802,573	$ 1,838,166	$ 1,982,795	$ 2,087,320	$ 2,173,825	$ 2,500,698	$ 2,817,631
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(1,420,559)	(1,011,489)	(332,080)	(207,780)	(467,864)	(312,631)	177,743	130,507	118,335	94,650
Total Business-Type Activities Net Position	$ 1,414,312	$ 915,703	$ 1,537,056	$ 1,594,793	$ 1,370,302	$ 1,670,164	$ 2,265,063	$ 2,304,332	$ 2,619,033	$ 2,912,281
Primary Government										
Net Investment in Capital Assets	$ 127,346,870	$ 126,586,198	$ 126,272,172	$ 127,132,088	$ 121,213,684	$ 119,181,882	$ 116,044,013	$ 114,845,856	$ 115,531,241	$ 116,413,539
Restricted	4,152,010	3,879,544	3,475,994	1,775,926	1,390,189	1,217,137	1,559,263	1,646,171	1,646,975	1,622,842
Unrestricted	16,052,154	14,748,830	10,407,729	10,172,729	13,080,037	12,878,014	14,544,969	14,249,374	15,661,025	13,989,898
Total Primary Government Net Position	$ 147,551,034	$ 145,214,572	$ 140,155,895	$ 139,080,743	$ 135,683,910	$ 133,277,033	$ 132,148,245	$ 130,741,401	$ 132,839,241	$ 132,026,279

Source:
Montgomery Township Records, Statement of Net Position

Montgomery Township
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities										
General Government	$ 3,257,948	$ 3,674,792	$ 3,607,076	$ 2,620,379	$ 2,403,155	$ 2,377,864	$ 3,012,067	$ 2,671,569	$ 2,403,329	$ 2,302,216
Public Safety	12,576,270	10,650,956	10,839,257	11,112,011	8,407,892	9,009,339	9,805,767	9,656,082	8,810,371	8,834,138
Sanitation	52,828	79,802	51,928	-	-	-	-	-	-	-
Highways and Streets	2,754,426	1,986,401	2,619,622	2,416,403	1,786,122	2,398,922	2,682,668	3,630,512	3,065,656	2,930,010
Parks and Recreation	1,248,765	392,820	1,689,132	478,753	527,871	416,857	497,328	469,547	410,813	365,999
Police and Employee Pension Costs	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	236,718	238,209	250,416	257,091	148,649	-	-	-	-	3,896
Depreciation, Unallocated	2,253,124	1,914,227	1,519,910	1,291,267	1,395,579	1,305,780	971,676	952,194	920,457	946,421
Loss on disposal of capital assets	109,999	-	72,494	-	-	-	-	-	-	-
Amortization of Bond Issue Costs and Discounts, Unallocated	-	-	-	-	-	-	-	-	-	678
Total Governmental Activities Expenses	$ 22,490,078	$ 18,937,207	$ 20,649,835	$ 18,175,904	$ 14,669,268	$ 15,508,762	$ 16,969,506	$ 17,379,904	$ 15,610,626	$ 15,383,358
Business-Type Activities										
Recreation Center	$ 1,645,057	$ 1,596,514	$ 1,396,269	$ 1,390,620	$ 1,253,317	$ 1,212,717	$ 1,652,122	$ 1,637,921	$ 1,649,490	$ 1,658,552
Total Business-Type Activities Expenses	$ 1,645,057	$ 1,596,514	$ 1,396,269	$ 1,390,620	$ 1,253,317	$ 1,212,717	$ 1,652,122	$ 1,637,921	$ 1,649,490	$ 1,658,552
Total Primary Government Expenses	$ 24,135,135	$ 20,533,721	$ 22,046,104	$ 19,566,524	$ 15,922,585	$ 16,721,479	$ 18,621,628	$ 19,017,825	$ 17,260,116	$ 17,041,910
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	$ 1,311,585	$ 764,176	$ 744,881	$ 25,247	$ 100,606	$ 37,595	$ 104,303	$ 103,948	$ 63,415	$ 80,811
Public Safety	739,997	209,681	217,601	977,194	942,852	1,220,079	1,263,001	1,120,606	1,306,493	1,071,941
Highways and Streets	5,284	4,383	3,776	-	-	-	6,900	6,900	6,900	6,900
Parks and Recreation	44,364	2,545	683	86	-	-	-	-	-	961
Operating Grants and Contributions	1,730,504	4,103,581	1,948,445	1,726,055	1,656,292	1,730,996	2,647,801	1,918,463	1,228,154	1,304,769
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	267,723
Total Governmental Program Revenues	$ 3,831,734	$ 5,084,366	$ 2,915,386	$ 2,728,582	$ 2,699,750	$ 2,988,670	$ 4,022,005	$ 3,149,917	$ 2,604,962	$ 2,733,105
Business-Type Activities										
Charges for Services	$ 863,056	$ 829,710	$ 766,044	$ 693,809	$ 335,800	$ 168,439	$ 766,678	$ 717,940	$ 731,815	$ 542,315
Operating Grants and Contributions	-	116,251	5,605	-	300	-	-	-	-	66
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	$ 863,056	$ 945,961	$ 771,649	$ 693,809	$ 336,100	$ 168,439	$ 766,678	$ 717,940	$ 731,815	$ 542,381
Total Primary Government Program Revenues	$ 4,694,790	$ 6,030,327	$ 3,687,035	$ 3,422,391	$ 3,035,850	$ 3,157,109	$ 4,788,683	$ 3,867,857	$ 3,336,777	$ 3,275,486
Net (Expense)/Revenue										
Governmental Activities	$ (18,658,344)	$ (13,852,841)	$ (17,734,449)	$ (15,447,322)	$ (11,969,518)	$ (12,520,092)	$ (12,947,501)	$ (14,229,987)	$ (13,005,664)	$ (12,650,253)
Business-Type Activities	(782,001)	(650,553)	(624,620)	(696,811)	(917,217)	(1,044,278)	(885,444)	(919,981)	(917,675)	(1,116,171)
Total Primary Government Net Expense	$ (19,440,345)	$ (14,503,394)	$ (18,359,069)	$ (16,144,133)	$ (12,886,735)	$ (13,564,370)	$ (13,832,945)	$ (15,149,968)	$ (13,923,339)	$ (13,766,424)

Montgomery Township
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

General Revenues and other Changes in Net Position	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Taxes	$ 19,383,341	$ 17,384,879	$ 17,321,467	$ 18,553,486	$ 14,495,993	$ 13,572,054	$ 13,992,214	$ 13,445,996	$ 13,810,780	$ 13,733,814
Cable TV Franchise Fees	434,337	465,059	563,814	520,212	528,627	548,523	571,408	578,487	610,646	612,010
Investment Income	998,089	1,130,309	647,333	184,310	116,518	432,581	483,412	300,867	174,875	150,541
Gain (Loss) on Sale of Capital Assets	-	40,048	-	142,958	12,474	-	52,755	20,056	-	334,692
Refund of Prior Year Expenses	-	-	-	-	-	-	-	-	-	-
Transfers	(319,570)	112,370	(426,495)	(781,302)	(477,355)	(309,379)	(706,175)	(465,280)	(484,427)	(447,997)
Total Governmental Activities	$ 20,496,197	$ 19,132,665	$ 18,106,119	$ 18,619,664	$ 14,676,257	$ 14,243,779	$ 14,393,614	$ 13,880,126	$ 14,111,874	$ 14,383,060
Business-Type Activities										
Taxes	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 100,000
Investment Income	-	1,570	388	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	319,570	(112,370)	426,495	781,302	477,355	309,379	706,175	465,280	484,427	447,997
Total Business-Type Activities	$ 459,570	$ 29,200	$ 566,883	$ 921,302	$ 617,355	$ 449,379	$ 846,175	$ 605,280	$ 624,427	$ 547,997
Total Primary Government	$ 20,955,767	$ 19,161,865	$ 18,673,002	$ 19,540,966	$ 15,293,612	$ 14,693,158	$ 15,239,789	$ 14,485,406	$ 14,736,301	$ 14,931,057
Change in Net Position										
Government Activities	$ 1,837,853	$ 5,279,824	$ 371,670	$ 3,172,342	$ 2,706,739	$ 1,723,687	$ 1,446,113	$ (349,861)	$ 1,106,210	$ 1,732,807
Business-Type Activities	(322,431)	(621,353)	(57,737)	224,491	(299,862)	(594,899)	(39,269)	(314,701)	(293,248)	(568,174)
Total Primary Government	$ 1,515,422	$ 4,658,471	$ 313,933	$ 3,396,833	$ 2,406,877	$ 1,128,788	$ 1,406,844	$ (664,562)	$ 812,962	$ 1,164,633

Source:
Montgomery Township Records, Statement of Activities

Montgomery Township
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Non-Spendable	$ 305,070	$ 159,008	$ 101,749	$ 104,412	$ 28,739	$ 27,550	$ 39,354	$ -	$ -	$ -
Unassigned	10,457,773	9,108,610	5,688,508	7,028,511	4,733,816	4,237,664	3,474,289	3,063,472	3,033,855	2,988,933
Total General Fund	$ 10,762,843	$ 9,267,618	$ 5,790,257	$ 7,132,923	$ 4,762,555	$ 4,265,214	$ 3,513,643	$ 3,063,472	$ 3,033,855	$ 2,988,933
All Other Governmental Funds										
Non-Spendable	$ 11,450	$ 11,450	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted										
Capital Projects	$ 7,206,740	$ 8,457,605	$ 5,410,992	$ 10,100,230	$ 14,904,500	$ -	$ -	$ -	$ -	$ -
Street Light Fund	422,813	381,892	345,570	273,451	208,432	141,573	523,132	548,818	553,241	568,392
Debt Service Fund	499,717	434,020	80,731	7,818	4,008	-	3,121	63,995	299,200	545,847
Basin Maintenance Fund	-	-	-	-	-	-	44,722	29,701	18,147	6,795
Park and Recreation Capital Fund	16,472	416,239	353,679	328,851	323,116	315,838	280,610	214,074	121,775	59,191
Highway Aid Fund	2,270,296	1,746,348	1,815,668	1,161,680	844,545	749,673	697,743	779,675	644,718	432,734
Park and Recreation Fund	942,712	901,045	880,346	747,810	689,320	700,212	590,914	569,010	523,647	489,004
Restoration Fund	-	-	-	4,126	10,088	10,053	9,935	9,908	9,894	9,883
Committed										
Replacement Tree Fund	422,884	437,933	395,195	212,701	224,746	226,831	217,301	624,480	818,796	720,875
Fire Protection Fund	456,820	665,733	655,542	552,599	365,646	524,529	501,120	435,346	404,703	304,091
Capital Reserve Fund	-	-	4,428,217	1,685,322	7,326,566	8,841,950	11,695,208	12,071,145	11,918,428	9,201,982
Environmental Fund	23,449	76,277	155,919	405,453	390,479	487,256	413,619	380,497	298,211	325,156
Assigned										
Capital Projects Fund	-	-	44,305	7,856	48,037	50,655	53,318	-	-	1,403,738
Autumn Festival Fund	-	-	-	-	-	-	-	53,626	53,660	48,959
Unassigned	(40,375)	(21,364)	-	-	-	-	-	-	(57)	-
Total All Other Governmental Funds	$ 12,232,978	$ 13,507,178	$ 14,566,164	$ 15,487,897	$ 25,339,483	$ 12,048,570	$ 15,030,743	$ 15,780,275	$ 15,664,363	$ 14,116,647
Total All Governmental Funds	$ 22,995,821	$ 22,774,796	$ 20,356,421	$ 22,620,820	$ 30,102,038	$ 16,313,784	$ 18,544,386	$ 18,843,747	$ 18,698,218	$ 17,105,580

Notes:

Source:
Montgomery Township Records, Balance Sheet Governmental Funds

Montgomery Township
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 18,443,377	$ 19,174,096	$ 17,259,490	$ 18,217,254	$ 13,882,771	$ 13,685,907	$ 13,638,359	$ 13,400,150	$ 13,776,766	$ 13,600,315
Licenses and Permits	1,743,149	1,200,359	1,292,612	1,305,557	1,272,285	1,511,110	1,559,999	1,430,081	1,577,695	1,404,032
Fines and Forfeitures	100,724	90,402	105,402	141,631	172,786	153,322	197,669	175,879	202,604	175,253
Interest Income, Rents and Royalties	998,089	1,130,309	647,333	185,253	116,518	432,581	483,412	300,867	174,875	151,502
Intergovernmental Revenues	1,730,504	4,103,581	1,948,445	1,626,012	1,582,105	1,631,696	1,800,216	1,687,813	1,537,790	1,677,626
Charges for Services	686,410	150,700	128,965	74,608	127,387	74,895	121,183	137,220	140,394	125,616
Contributions	-	-	-	27,511	73,814	166,170	914,346	297,411	280,186	192,614
Miscellaneous	401,472	194,027	197,479	103,501	-	-	-	-	-	-
Total Revenues	$ 24,103,725	$ 26,043,474	$ 21,579,726	$ 21,681,327	$ 17,227,666	$ 17,655,681	$ 18,715,184	$ 17,429,421	$ 17,690,310	$ 17,326,958
Expenditures										
Current										
General Government	$ 3,411,436	$ 3,794,107	$ 3,805,926	$ 8,986,502	$ 2,462,978	$ 2,466,819	$ 3,185,348	$ 2,681,144	$ 2,522,623	$ 2,340,169
Public Safety	12,793,590	11,898,807	11,515,925	12,566,482	10,995,685	10,749,377	10,151,147	9,699,256	9,358,207	8,310,595
Highway and Streets	5,018,312	5,539,844	5,905,663	5,489,280	3,242,326	5,448,661	4,261,228	3,869,504	3,252,408	3,192,619
Parks and Recreation	1,850,871	2,314,988	1,731,345	856,783	1,113,741	929,716	763,402	607,200	480,007	503,847
Other Employee Benefits not Allocated	-	-	-	-	-	-	-	-	-	1,023,766
Debt Service										
Principal	405,000	399,000	392,000	385,000	-	-	-	-	-	453,509
Interest and Other Charges	236,718	238,209	250,416	257,091	148,649	-	-	-	-	4,937
Total Expenditures	$ 23,715,927	$ 24,184,955	$ 23,601,275	$ 28,541,138	$ 17,963,379	$ 19,594,573	$ 18,361,125	$ 16,857,104	$ 15,613,245	$ 15,829,442
Excess (Deficiency) of Revenues Over Expenditures	$ 387,798	$ 1,858,519	$ (2,021,549)	$ (6,859,811)	$ (735,713)	$ (1,938,892)	$ 354,059	$ 572,317	$ 2,077,065	$ 1,497,516
Other Financing Sources (Uses)										
Proceeds From Sale of Capital Assets	$ 152,797	$ 47,280	$ 183,645	$ 159,895	$ 1,322	$ 17,669	$ 52,755	$ 38,492	$ -	$ 334,692
Proceeds From Loan Issuance	-	-	-	-	15,000,000	-	-	-	-	-
Proceeds From County Infrastructure Loan	-	-	-	-	-	-	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Interfund Transfers In	2,644,000	3,820,069	3,636,968	813,000	740,203	489,849	1,399,801	2,126,967	3,028,371	2,487,377
Interfund Transfers Out	(2,963,570)	(3,707,699)	(4,063,463)	(1,594,302)	(1,217,558)	(799,228)	(2,105,976)	(2,592,247)	(3,512,798)	(2,935,374)
Total Other Financing Sources (Uses)	$ (166,773)	$ 159,650	$ (242,850)	$ (621,407)	$ 14,523,967	$ (291,710)	$ (653,420)	$ (426,788)	$ (484,427)	$ (113,305)
Net Change in Fund Balance	$ 221,025	$ 2,018,169	$ (2,264,399)	$ (7,481,218)	$ 13,788,254	$ (2,230,602)	$ (299,361)	$ 145,529	$ 1,592,638	$ 1,384,211
Fund Balance at Beginning of Year	22,774,796	20,356,421	22,620,820	30,102,038	16,313,784	18,544,386	18,843,747	18,698,218	17,105,580	15,721,369
Restatement for Correction of an Error	-	400,206	-	-	-	-	-	-	-	-
Fund Balance at End of Year	22,995,821	22,774,796	20,356,421	22,620,820	30,102,038	16,313,784	18,544,386	18,843,747	18,698,218	17,105,580
Ratio of Total Debt Service to Non-Capital Expenditures										
Total Expenditures, net of Debt Service	$ 23,074,209	$ 23,547,746	$ 22,958,859	$ 27,899,047	$ 17,814,730	$ 19,594,573	$ 18,361,125	$ 16,857,104	$ 15,613,245	$ 15,370,996
Capitalized Capital Outlay Expenditures	3,302,945	6,198,608	4,037,370	11,692,623	3,667,510	4,576,995	2,256,338	612,118	355,092	981,847
Total Non-Capital Expenditures	$ 19,771,264	$ 17,349,138	$ 18,921,489	$ 16,206,424	$ 14,147,220	$ 15,017,578	$ 16,104,787	$ 16,244,986	$ 15,258,153	$ 14,389,149
Debt Service as a Percentage of Non-Capital Expenditure	3.25%	3.67%	3.40%	3.96%	1.05%	0.00%	0.00%	0.00%	0.00%	3.19%

Source:
Montgomery Township Statement of Revenues, Expenditures & Changes in Fund Balances Governmental Funds

Montgomery Township
General Government Tax Revenues by Source
Last Ten Fiscal Years (Unaudited)

Year	Property (1)	Real Estate Transfer	Earned Income	Local Services	Business Privilege	Mercantile	Amusement	Total
2025	$ 5,788,309	$ 1,029,298	$ 7,958,541	$ 806,056	$ 1,278,815	$ 2,443,834	$ 78,488	$ 19,383,341
2024	5,696,469	902,135	6,170,914	920,446	1,063,840	2,542,234	88,842	17,384,879
2023	5,115,344	908,380	6,877,356	803,924	1,186,334	2,488,130	81,999	17,461,467
2022	5,277,722	1,971,746	6,901,497	769,974	1,120,600	2,579,362	72,584	18,693,486
2021	3,652,633	1,104,221	6,203,822	680,933	1,042,187	1,878,711	73,486	14,635,994
2020	3,123,763	926,895	5,820,738	640,652	1,238,075	2,073,365	53,014	13,876,502
2019	3,059,945	886,601	5,884,570	724,884	984,942	2,488,748	56,144	14,085,834
2018	3,062,791	753,903	5,732,712	756,019	974,017	2,204,925	67,442	13,551,809
2017	3,074,173	1,088,442	5,734,502	782,242	1,060,597	2,076,059	78,282	13,894,298
2016	3,051,557	923,419	5,858,053	782,227	809,716	2,254,774	74,563	13,754,309

Notes:
(1) Includes General, Fire, Park and Recreation and Debt Service Funds

Source:
Montgomery Township Records, DCED Annual Audit and Financial Report

Montgomery Township
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)
(Rate per $1,000 of Assessed Value)

Year	Total Assessed Value (1)	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Ratio of Total Assessed Value to Estimated Actual Value	Total Township Tax Rate
2025	$ 2,168,835,824	$ 70,905,450	$ 2,097,930,374	$ 4,345,799,031	0.499	2.94000
2024	2,169,199,484	70,895,780	2,098,303,704	4,204,174,923	0.516	2.94000
2023	2,252,330,374	71,158,620	2,181,171,754	4,042,843,450	0.557	2.49000
2022	2,250,449,174	71,237,310	2,179,211,864	4,039,210,757	0.557	2.49000
2021	2,293,578,607	70,947,210	2,222,631,397	3,925,324,048	0.584	1.49000
2020	2,296,451,887	70,744,780	2,225,707,107	3,930,506,040	0.584	1.49000
2019	2,299,655,634	71,597,010	2,228,058,624	3,878,854,098	0.593	1.49000
2018	2,293,793,324	71,213,210	2,222,580,114	3,869,277,769	0.593	1.49000
2017	2,277,164,074	68,256,890	2,208,907,184	3,733,203,604	0.610	1.49000
2016	2,264,629,254	62,924,970	2,201,704,284	3,733,203,604	0.607	1.49000

Notes:
(1) Includes tax-exempt properties
(2) Estimated actual value is calculated by dividing assessed value by Common Level Ratio provided by State Equalization Board

Source:
Montgomery County Board of Assessments

Montgomery Township
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Rate per $1,000 of Assessed Value)

	Direct Rates			Overlapping Rates				Total
	Montgomery Township			Montgomery County, PA			North Penn School District	Direct & Overlapping Millage Rates
Year	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total County Millage	Total Millage	
2025	2.42000	0.52000	2.94000	5.25200	-	5.25200	30.96670	39.15870
2024	2.42000	0.52000	2.94000	5.25200	-	5.25200	29.63650	37.82850
2023	1.97000	0.52000	2.49000	4.31300	-	4.31300	28.47120	35.27420
2022	1.97000	0.52000	2.49000	4.02200	-	4.02200	27.53690	34.04890
2021	1.34000	0.15000	1.49000	4.02200	-	3.84900	26.77420	32.11320
2020	1.34000	0.15000	1.49000	3.84900	-	3.84900	26.77420	32.11320
2019	1.34000	0.15000	1.49000	3.84900	-	3.84900	26.09570	31.43470
2018	1.49000	-	1.49000	3.84900	-	3.84900	25.50900	30.84800
2017	1.49000	-	1.49000	3.84900	-	3.84900	24.67040	30.00940
2016	1.25000	0.24000	1.49000	3.45900	-	3.45900	24.18900	29.13800

Source:

Pennsylvania DCED Municipal Statistics

Montgomery Township
Principal Property Taxpayers
Current and Nine Years Ago (Unaudited)

		December 31, 2025			December 31, 2016		
Taxpayer	Type of Business	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (3)
Montgomery Mall Realty Holding LLC	Commercial Condo	$ 27,471,850	1	1.22%			
1100 Avenel Boulevard LP	Apartment Building	23,668,500	2	1.05%			
Re Plus Airport Square LLC	Shopping Center - Regional	23,402,840	3	1.04%			
CSW Luxor VII Montgomeryville LP	Apartment Building	18,546,400	4	0.82%			
Water Tower Square Associates	Shopping Center	18,238,200	5	0.81%			
Kir Montgomery 049 LLC	Shopping Center	17,926,440	6	0.80%	35,960,000	2	1.59%
Exchangeright Net-Leased	Supermarket	12,595,840	7	0.56%			
Nappen & Associates	Industrial Building	10,090,220	8	0.45%	28,584,380	4	1.26%
Villages Of Neshaminy Falls Partnership	Manufactured Home Community	9,285,400	9	0.41%			
Archdiocese Of Philadelphia	Religious Organization	8,868,250	10	0.39%			
Montgomeryville Associates, Inc.	Shopping Mall				90,971,026	1	4.02%
Private Individual	Industrial Building				30,784,370	3	1.36%
Avenel Realty Co, Inc.	Apartment Building				28,213,000	5	1.25%
Gateway DC Properties, Inc.	Shopping Mall				20,350,290	6	0.90%
Water Tower Square Associates	Shopping Center				19,229,000	7	0.85%
Private Individual	Rental Lots				14,794,330	8	0.66%
SBS of Montgomeryville, Inc.	Hotel				13,956,830	9	0.62%
213-36 Montgomery Holdings	Shopping Mall				12,595,840	10	0.56%
Total		$ 170,093,940		7.55%	$ 295,439,066		13.09%

Notes:

(1) Information provided by Montgomery Township Tax Collector

(2) Information provided by Montgomery County, PA Real Estate Assessment Roll. 2024 Total Assessed Valuation is $2,098,304,704.

(3) Information provided by Montgomery County, PA Real Estate Assessment Roll. 2014 Total Assessed Valuation is $2,193,996,614.

Source:

Montgomery County Tax Assessment Duplicate

Montgomery Township
Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025	$ 5,869,716	$ 5,808,672	98.96%	$ 46,039	$ 5,854,711	99.74%
2024	5,719,823	5,694,398	99.56%	23,827	5,718,225	99.97%
2023	4,913,106	4,813,548	97.97%	33,784	4,847,332	98.66%
2022	4,902,427	4,797,380	97.86%	19,201	4,816,581	98.25%
2021	2,996,958	2,930,515	97.78%	28,349	2,958,864	98.73%
2020	3,010,987	2,927,822	97.24%	14,833	2,942,655	97.73%
2019	2,997,571	2,986,438	99.63%	9,162	2,995,600	99.93%
2018	2,993,090	2,975,914	99.43%	-	2,975,914	99.43%
2017	2,965,292	2,952,471	99.57%	7,707	2,960,178	99.83%
2016	2,959,941	2,944,287	99.47%	15,654	2,959,941	100.00%

Source:

Montgomery Township Tax Receipt Records and Montgomery County Tax Claim Bureau Reports

Montgomery Township
Business Privilege and Mercantile Tax
Revenue Base and Collections
Last Ten Fiscal Years (Unaudited)

Year	Number of Returns	Taxable Sales	Taxes Collected	Tax Rate (Mills)
2025	886	$ 3,932,168,668	$ 3,722,649	1.50000
2024	833	2,299,638,684	3,606,073	1.50000
2023	796	2,438,670,368	3,674,464	1.50000
2022	957	2,393,964,547	3,699,962	1.50000
2021	1,195	1,711,591,933	2,920,898	1.50000
2020	1,342	2,207,626,567	3,311,440	1.50000
2019	1,444	2,315,793,160	3,473,690	1.50000
2018	1,434	2,165,382,273	3,248,073	1.50000
2017	1,406	2,112,738,000	3,169,107	1.50000
2016	1,255	2,081,536,000	3,122,304	1.50000

Source:
Berkheimer Digital Tax Solutions

Montgomery Township
Principal Business Tax Remitters
Current and Nine Years Ago (Unaudited)

	December 31, 2025			December 31, 2016	
Type of Business	Amount of Tax Paid	Rank	Percentage of Total Tax Collected	Rank	Percentage of Total Tax Collected
Retail Store	$ 376,429	1	10.11%	1	6.18%
Grocery Store	139,791	2	3.76%		
Retail Store	112,752	3	3.03%	2	3.66%
Auto Sales	92,311	4	2.48%	3	2.77%
Retail Store	89,153	5	2.39%	4	2.40%
Relocation Services	67,838	6	1.82%		
Auto Sales	64,279	7	1.73%	7	2.20%
Grocery Store	59,469	8	1.60%		
Beverage Wholesaler	57,019	9	1.53%		
Retail Store	43,897	10	1.18%	6	2.33%
				5	2.35%
				8	2.15%
				9	2.10%
				10	1.93%
Total	$ 1,102,938		30.59%		

Notes:

Due to the confidential nature of tax returns and on the advice of legal counsel, Montgomery Township does not disclose the proper name nor specific tax paid for any individual taxpayer. In lieu of that information, we have provided the top ten taxpayers by the nature of the business and the taxpayer's individual share of total tax collected.

Source:

Montgomery Township Business Tax Records and Berkheimer Digital Tax Solutions

Montgomery Township
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities					
Year	General Obligation Bonds	Term Loan	General Obligation Bonds	Term Loan	Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
2025	$ 13,419,000	$ -	$ 6,595,000	$ -	$ 20,014,000	1.21%	26,076	768
2024	13,824,000	-	6,915,000	-	20,739,000	1.25%	25,945	799
2023	14,223,000	-	7,230,000	-	21,453,000	1.37%	26,028	824
2022	14,615,000	-	7,541,000	-	22,156,000	1.53%	26,027	851
2021	15,000,000	-	7,847,000	-	22,847,000	1.70%	25,862	883
2020	-	-	8,171,047	-	8,171,047	0.56%	26,164	312
2019	-	-	8,431,229	-	8,431,229	0.64%	25,984	324
2018	-	-	8,686,211	-	8,686,211	0.68%	25,890	336
2017	-	-	8,716,293	-	8,716,293	0.73%	26,143	333
2016	-	-	8,721,375	-	8,721,375	0.76%	26,025	335

Source:
(1) United States Census Bureau
Montgomery Township Annual Financial Statements

Montgomery Township
Ratio of Net General Bonded Debt to Assessed Value of Real Estate and General Debt Per Capita
Last Ten Fiscal Years (Unaudited)

Year	Population	Total Assessed Value	Gross Bonded Debt	Debt Service Fund Balance	Net General Bonded Debt	Percentage of General Bonded Debt to Assessed Value	General Bonded Debt per Capital
2025	26,076	$ 2,168,835,824	$ 13,419,000	$ 499,717	12,919,283	0.60%	495
2024	25,945	2,169,199,484	13,824,000	434,020	13,389,980	0.62%	516
2023	26,028	2,252,330,374	14,223,000	80,731	14,142,269	0.63%	543
2022	26,027	2,250,449,174	14,615,000	7,818	14,607,182	0.65%	561
2021	25,862	2,293,578,607	15,000,000	4,008	14,995,992	0.65%	580
2020	26,164	2,296,451,887	-	-	-	0.00%	-
2019	25,984	2,299,655,634	-	3,121	(3,121)	0.00%	(0)
2018	25,890	2,293,793,324	-	63,995	(63,995)	0.00%	(2)
2017	26,143	2,277,164,074	-	299,200	(299,200)	-0.01%	(11)
2016	26,025	2,264,629,254	-	545,847	(545,847)	-0.02%	(21)

Source:
Population: United States Census Bureau
Assessed Value - Montgomery County Tax Assessment
Debt - Montgomery Township Audited Financial Reports

Montgomery Township
Computation of Direct and Overlapping Debt
December 31, 2025 (Unaudited)

	Net Debt Outstanding	Debt Applicable to Montgomery	
Direct Debt of the Township and Related Entities			
Montgomery Township	$ 13,419,000	$ 13,419,000	
Overlapping Debt			
County of Montgomery	754,656,605	23,234,146	(1)
North Penn School District	48,813,378	13,722,941	(2)
Total Overlapping Debt	$ 803,469,983	$ 36,957,087	
Total Direct and Overlapping Debt	$ 816,888,983	$ 50,376,087	

Notes:

(1) Percentage of total Montgomery County debt as of December 31, 2024, based on the ratio of Montgomery Township Assessed Valuation to Montgomery County 2025 Assessed Value

(2) Percentage of total North Penn School District debt as of June 30, 2024, based on the ratio of Montgomery Township Assessed Valuation to North Penn School District 2025 Assessed Value

Source:

Montgomery Township Annual Financial Statements, County of Montgomery Annual Financial Statement and North Penn School District Annual Financial Statements

Montgomery Township
Computation of Legal Debt Margin
December 31, 2025 (Unaudited)

Borrowing Base Revenues (1):	
2023	21,579,726
2024	21,579,726
2025	24,103,725
Total Revenues:	$ 67,263,177
Debt Limit for General Obligation Bonds:	
Average Borrowing Base Revenues	$ 22,421,059
Debt Limit Percent	250.00%
Debt Limit	$ 56,052,648
Total Amount of Debt Applicable to Debt Limit	13,419,000
Legal Debt Margin	$ 42,633,648
Debt Limit for General Obligation Bonds and Lease Rental Debt:	
Average Borough Base Revenues	$ 22,421,059
Debt Limit Percent	350.00%
Debt Limit	$ 78,473,707
Total Amount of Debt Applicable to Debt Limit	13,419,000
Legal Debt Margin	$ 65,054,707

Notes:

(1) Borrowing base represents total revenues per Act 177 of 1996 recodified Unit Debt Act

Source:

Montgomery Township Annual Financial Statements

Montgomery Township
Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

Year	Debt Limit	Gross General Obligation Debt	Legal Debt Margin	Total Gross General Obligation Debt as a Percentage of Debit Limit
2025	$ 56,052,648	$ 13,419,000	$ 42,633,648	23.94%
2024	$ 57,753,773	$ 13,824,000	$ 43,929,773	23.94%
2023	50,407,266	21,453,000	28,954,266	42.56%
2022	47,137,228	14,615,000	32,522,228	31.01%
2021	44,665,443	15,000,000	29,665,443	33.58%
2020	44,833,572	3,580,178	41,253,394	7.99%
2019	44,862,429	3,624,446	41,237,983	8.08%
2018	43,705,574	5,978,817	37,726,757	13.68%
2017	43,705,574	2,547,313	41,158,261	5.83%
2016	42,319,213	4,216,122	38,103,091	9.96%

Source:

Montgomery Township Annual Financial Statements

Montgomery Township
Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years (Unaudited)

Year	Principal	Interest	Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2025	$ 405,000	$ 236,718	$ 641,718	$ 23,074,209	2.78%
2024	399,000	236,718	637,209	23,547,746	2.71%
2023	392,000	250,416	642,416	22,958,859	2.80%
2022	385,000	257,091	642,091	27,899,047	2.30%
2021	-	148,649	148,649	17,814,730	0.83%
2020	-	-	-	19,594,573	0.00%
2019	-	-	-	18,361,125	0.00%
2018	-	-	-	16,857,104	0.00%
2017	-	-	-	15,613,245	0.00%
2016	453,509	4,937	458,446	15,370,996	2.98%

Source:
Montgomery Township Annual Financial Statements

Montgomery Township
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Year	Per Capita Income (1)	Population (1)	Per Capita Personal Income	Unemployment Rate (2)
2025	$ 63,685	26,076	$ 1,660,650,060	3.38%
2024	64,022	25,945	1,661,050,790	3.04%
2023	60,047	26,028	1,562,903,316	2.13%
2022	55,660	26,027	1,448,662,820	2.84%
2021	52,000	25,862	1,344,824,000	3.80%
2020	55,298	26,164	1,446,816,872	6.85%
2019	50,495	25,984	1,312,062,080	3.15%
2018	49,293	25,890	1,276,195,770	3.10%
2017	45,702	26,143	1,194,787,386	3.46%
2016	44,130	26,025	1,148,483,250	3.59%

Source:

(1) United States Census Bureau

(2) U.S. Department of Labor Statistics for Montgomery County, Montgomery Township

Montgomery Township
Principal Employers
Current and Nine Years Ago (Unaudited)

		December 31, 2025			December 31, 2016		
Employer	Type of Business	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Cobham Advanced ELectronics	Manufacturing	559	1	2.70%	430	3	1.95%
Federal Express Corporation	Service	464	2	2.24%			
Costco Wholesale Corporation	Retail	403	3	1.95%	332	9	1.50%
Wegmans Food Markets	Retail	391	4	1.89%	516	2	2.33%
Pdm Constructors Inc	Construction	363	5	1.76%			
Durapods	Manufacturing	278	6	1.34%			
Os Restaurant Services Inc	Restaurant	270	7	1.31%			
Dicks Sporting Goods Inc	Retail	269	8	1.30%			
Target Corporation	Retail	258	9	1.25%	385	6	1.74%
Tahara Health Inc	Healthcare	254	10	1.23%			
Teva Pharmaceutical	Pharmaceutical				818	1	3.70%
McCallion Temps, Inc	Employment Agency				408	4	1.85%
Harriet Carter Gifts	Catalog Sales				397	5	1.80%
Macy's	Retail Sales				339	7	1.53%
Gemalto, Inc	Manufacturing				336	8	1.52%
Capital Wine & Spirits Company	Distributor				320	10	1.45%
Total		3,509		16.97%	4,281		19.37%

Notes:

Total number of individuals employed in the Township in 2025: 19,303
Total number of individuals employed in the Township in 2016: 21,764

Source:

Berkheimer Digital Tax Solutions

Montgomery Township
Full Time Equivalent Township Government Employees by Function
Last Ten Fiscal Years (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	7.75	8.75	7.75	7.75	8.50	9.00	9.00	7.90	7.60	7.00
Finance and Tax Collection	4.00	3.00	3.75	4.00	4.00	4.00	4.00	7.50	7.50	8.00
Public Safety										
Officers	39.00	37.00	38.00	36.00	36.00	36.00	36.00	36.00	35.00	36.00
Civilians	10.20	10.28	8.15	9.00	9.00	9.00	8.00	9.00	9.00	9.00
Fire Safety										
Officers	8.43	9.87	9.34	8.47	7.41	11.00	10.50	6.10	6.40	6.30
Clerical	1.00	1.00	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.60
Code Enforcement, Building and Zoning	3.50	3.50	3.50	3.75	3.75	3.75	3.87	4.40	5.10	5.50
Public Works	18.50	21.63	20.50	19.50	18.90	17.50	18.50	19.70	19.20	20.10
Culture and Recreation	14.20	12.18	17.54	8.00	5.73	9.50	15.00	12.80	14.10	13.00
Totals:	106.58	107.21	109.23	97.17	93.99	100.45	105.57	104.10	104.60	105.50

Source:

Montgomery Township, Montgomery County, Pennsylvania Records

Montgomery Township
Operating Indicators by Function
Last Ten Fiscal Years (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Part I Crimes	560	448	455	404	317	253	304	366	409	425
Part II Crimes	1,772	1,337	1,375	1,304	1,510	1,377	1,418	1,174	773	1,104
Total Calls for Service	33,023	33,643	32,739	31,063	29,899	28,915	32,393	32,537	32,510	30,976
Fire Safety Responses	993	908	789	763	595	591	622	646	562	585
Code Enforcement and Zoning										
Total Permits	1,724	1,182	1,137	1,234	1,405	1,321	1,299	1,388	1,298	1,441
Land Development Submittals	6	9	11	3	5	2	7	10	6	7
Zoning Hearing Board Applications	15	14	15	19	24	15	16	21	12	18
Rezoning Requests	-	1	-	-	-	-	-	-	1	1
Conditional Use Applications	1	2	3	1	4	3	2	3	1	1
Highway and Streets										
Streets Resurfaced (miles)	-	4.29	5.17	4.74	5.68	4.30	5.96	4.03	3.38	3.01

Source:

Montgomery Township, Montgomery County, Pennsylvania Records

Montgomery Township
Capital Asset Statistics by Function
Last Ten Fiscal Years (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Works Building	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	22	19	19	19	19	19	19	19	19	19
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Apparatus	4	4	4	4	4	4	4	4	4	4
Highway and Streets										
Street Miles	74	74	74	74	74	74	74	74	73	73
Traffic Signals	52	52	51	51	50	50	50	50	50	50
Stormwater Detention Basins	69	69	69	69	63	63	63	63	63	63
Culture and Recreation										
Park Sites	14	14	14	14	14	14	14	14	14	14
Acres	354	354	354	354	376	376	376	376	376	376
Baseball Fields	17	17	17	17	14	14	14	14	14	14
Basketball Courts	9	9	9	9	9	9	9	9	9	8.5
Bocce Ball Courts	2	2	2	0	0	0	0	0	0	0
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1
Pickleball Courts	6	6	6	6	0	0	0	0	0	0
Playgrounds	11	11	11	11	8	8	8	8	8	8
Soccer Fields	16	16	16	16	11	11	11	11	11	11
Street Hockey	4	4	4	4	4	4	4	4	4	4
Tennis Courts	16	16	16	16	16	16	16	16	16	16
Volleyball Courts	2	2	2	2	2	2	2	2	2	2

Source:

Montgomery Township, Montgomery County, Pennsylvania Records